

BETWEEN:

THE COCA-COLA COMPANY OF }
CANADA, LIMITED

PLAINTIFF;

AND

THE PEPSI-COLA COMPANY OF }
CANADA, LIMITED

DEFENDANT.

1937

March 31,
April 1 & 2.

1938

July 15.

Trade mark—Infringement—Unfair competition—Unfair Competition Act, 22-23 Geo. V, c. 38, s. 2, ss. (e), (k), (l), (m), s. 3(c), s. 4, ss. (1), s. 11, s. 18, s. 26(1) (c & d), s. 42(2)—Deceptive name—Resemblance calculated to deceive—"Coca-Cola"—"Pepsi-Cola"—Mark adapted to distinguish goods of plaintiff—Mark descriptive or mis-descriptive—Considerations determining question of infringement—Assignment of trade mark need not be contemporaneous with transfer of good will of business—Defendant held to have infringed plaintiff's trade mark and been guilty of unfair competition in sale of beverage under similar name—Mere difference of get-up no defence.

The action is one for infringement of a specific trade mark owned by and registered in the name of the plaintiff, a company incorporated under the laws of the Dominion of Canada in 1923, consisting of the compound word "Coca-Cola," in the particular form represented by the pattern accompanying the application for registration. This mark "to be applied to the sale of beverages, and syrups for the manufacture of such beverages," was registered in Canada on November 11, 1905, by The Coca-Cola Company, a corporation domiciled in the State of Georgia, U.S.A., and by that corporation assigned in January, 1922, to Coca-Cola Company, a corporation of the State of Delaware, U.S.A., and by the latter corporation assigned in writing to the plaintiff company in February, 1930. The plaintiff, following its incorporation in 1923, acquired the good will of the Canadian business of the Delaware corporation which owns the whole or a majority of the capital stock of the plaintiff company. The trade mark "Coca-Cola" has been in use uninterruptedly in connection with the sale of a beverage in the United States, by the parent company of the plaintiff for over 50 years, and for a number of years, at least since April, 1906, the sale of a beverage, under the name of "Coca-Cola," has been carried on extensively in Canada, and this beverage has been extensively advertised there under that name. The plaintiff produces a syrup, also called "Coca-Cola," to which is added carbonated water in the making of the Coca-Cola beverage, and this is retailed in bottles, or by the glass from soda fountains or like dispensaries. In some of its plants the plaintiff manufactures the Coca-Cola beverage which it sells to dealers, in bottles. It also sells to a large number of independent persons, or bottlers, the Coca-Cola syrup from which such persons make the beverage Coca-Cola by adding carbonated water, according to a formula furnished by the plaintiff, and this such persons offer for sale in bottles furnished by the plaintiff, only under the name of "Coca-Cola."

The alleged infringing mark consists of the hyphenated word "Pepsi-Cola." This mark, to be applied to the sale of "beverages, and particularly to a non-alcoholic beverage," was registered in Canada on

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November 30, 1906, by The Pepsi-Cola Company, a corporation then domiciled in the State of North Carolina, U.S.A., and renewed in the name of the same corporation in November, 1931, for a further period of 25 years. It was alleged that this mark was acquired from the North Carolina corporation by Pepsi-Cola Company, a corporation of the State of Delaware, U.S.A., and by it assigned to defendant in May, 1936.

The defendant commenced doing business in Canada about the middle of 1934; it was not the successor of any other company that had been engaged in Canada in the business of selling beverages under the trade mark of "Pepsi-Cola." Since 1934 it has manufactured and sold in certain localities in Canada a beverage under the name of "Pepsi-Cola," in bottles larger and different in shape from those in which the plaintiff's beverage is vended, and not from soda fountains or such dispensaries.

At the trial the plaintiff proved registration of its mark, and established the sale in Canada by the defendant of a beverage, falling within the same category as that of the plaintiff's, under the name of Pepsi-Cola. The plaintiff then rested its case. A motion by defendant to dismiss the action was refused.

Held: That the plaintiff, having established a *prima facie* case, was not required to do more at that stage in an action for infringement, and was justified in resting its case.

2. That the defendant's mark is an infringement of the plaintiff's mark.
3. That in deciding whether there has been infringement of a trade mark the proper course is to look at the marks as a whole, and not to disregard the parts that are common; regard must also be had to the nature of the goods to which the marks are applied, the similarities in the goods regardless of their dress, the nature of the market, the class of people likely to become purchasers, the appeal to the ear as well as to the eye, the probability of deceiving the unwary or uncritical purchaser, the opportunity afforded retailers and their employees to practise deception upon the unsuspecting customer, the liability to error and confusion in transmitting and receiving orders for the goods by telephone, the effect of the tendency to abbreviate trade marks which readily lend themselves to that practice, the fact that the first registered mark has been long and widely known, and any other special features associated with the trade marks in conflict, illustrated in this particular case by the conspicuous scroll effect, or flourishes, in the formation of each mark.
4. That the practice of bottling the plaintiff's beverages by other authorized persons, indicates to the public that the plaintiff has assumed responsibility for their character or quality, and that they are known to the public as plaintiff's beverages, and such practice does not void plaintiff's mark.
5. That the plaintiff is entitled to the exclusive use of the mark "Coca-Cola," in Canada.
6. That due to the long and extensive use of the trade mark "Coca-Cola" by the plaintiff and its predecessor in business, that mark has become adapted, in Canada, to distinguish the product of the plaintiff.
7. That the trade mark "Coca-Cola" is neither descriptive nor mis-descriptive within the meaning of the Unfair Competition Act, 22-23 Geo V, c. 38, s. 26, ss. 1 (c)

8. That it is not essential that the assignment of a trade mark, and the transfer of the good will, should be exactly contemporaneous, or that there should be any legal conveyance of the latter if the assignee is equitably entitled to it

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ACTION by plaintiff praying for an injunction restraining defendant from infringing plaintiff's trade mark rights.

The action was tried before the Honourable Mr. Justice Maclean, President of the Court, at Ottawa.

R. S. Smart, K.C. and *A. W. Langmuir, K.C.* for plaintiff.

Hon. W. D. Herridge, K.C. and *J. J. Creelman, K.C.* for defendant.

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

THE PRESIDENT, now (July 15, 1938) delivered the following judgment:—

This is an action for infringement of a specific trade mark owned by and registered in the name of the plaintiff, a company incorporated under the laws of the Dominion of Canada in 1923, and which mark consists of the compound word "Coca-Cola," in the particular form represented by the pattern accompanying the application for registration. This mark, "to be applied to the sale of beverages, and syrups for the manufacture of such beverages," was registered in Canada on November 11, 1905, by The Coca-Cola Company, a corporation domiciled in the State of Georgia, U.S.A., and by that corporation assigned in January, 1922, to Coca-Cola Company, a corporation of the State of Delaware, U.S.A., and by the latter corporation assigned in writing to the plaintiff company, in February, 1930; it appears that the plaintiff company, following its incorporation in 1923, acquired the good will of the Canadian business of the Delaware corporation, which corporation, I understand, is the owner of the whole, or a majority, of the capital stock of the plaintiff company. The registration of the mark "Coca-Cola," in Canada, was renewed by the plaintiff in November, 1930, for a further period of twenty-five years. In 1932, the plaintiff also registered the mark "Coca-Cola," for the same use, "in any and every form or kind of representation," but that registration may here be disregarded. Reproduced

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below is a fac simile of the plaintiff's mark which is here in question.


 A fac simile of the Coca-Cola script logo, featuring the words "Coca-Cola" in a highly stylized, cursive font with a thick, textured appearance.

The alleged infringing mark consists of the hyphenated word "Pepsi-Cola," and in the form or pattern accompanying the application for registration. This mark, to be applied to the sale of "beverages, and particularly to a non-alcoholic beverage," was registered in Canada on November 30, 1906, by The Pepsi-Cola Company, a corporation then domiciled in the State of North Carolina, U.S.A., and it was renewed in the name of the same corporation, in November 1931, for a further period of twenty-five years. This mark, it is said, was acquired from the North Carolina corporation by Pepsi-Cola Company, a corporation existing under the laws of the State of Delaware, U.S.A., and by the latter corporation assigned to Pepsi-Cola Company of Canada Ltd., the defendant, in May, 1936. There does not appear to be any evidence of a formal assignment of this mark from the North Carolina corporation to the Delaware corporation. The defendant commenced doing business in Canada about the middle of 1934; it was not the successor of any other company that had been engaged, in Canada, in the business of selling beverages under the trade mark of "Pepsi-Cola." Below there is reproduced a fac simile of the defendant's registered trade mark.


 A fac simile of the Pepsi-Cola logo, featuring the words "PEPSI-COLA" in a stylized, blocky font with a thick, textured appearance. The letters are interconnected, with a large, decorative flourish above the "P" and "C".

This case is of some general importance because it appears that many trade marks, applied to non-alcoholic

beverages, partially similar to the plaintiff's mark, or variants of it, have at one time or another been registered, or used, in Canada. It is within my own experience that such trade marks have, in quite recent years, been in use in certain areas in Canada, and that such use was in more than one case restrained, in actions brought by the plaintiff, and it is possible that some of such trade marks are still in use in Canada, particularly in certain localities.

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It is shown by the evidence that a beverage has been sold in Canada under the trade name of Coca-Cola by the plaintiff, or its predecessor in business, at least since April, 1906, that is, over thirty years, and there is fairly satisfactory evidence that such sales commenced sometime prior to 1900; the trade mark Coca-Cola has been in use uninterruptedly, in connection with the sale of a beverage, in the United States, by the parent company of the plaintiff, for over fifty years. It is quite clear that for a long number of years the sale of a beverage, under the name of Coca-Cola, has been carried on extensively in Canada, and that this beverage has there been extensively advertised, under that name.

In the United States, there is a corporation known as Pepsi-Cola Company, which owns all the capital stock of the defendant company, and the mark used by that company is precisely that used by the defendant company, in the sale of its beverage in Canada. In 1931, the Pepsi-Cola Company acquired in the United States, it is claimed, the good will of the business of a bankrupt concern of the same name, and which had been producing and selling a beverage in some parts of the United States under the name of Pepsi-Cola; this latter concern apparently had acquired earlier the good will of another bankrupt concern which had carried on a similar business, and had used in that connection the same trade mark, Pepsi-Cola. It would seem that a beverage was marketed under the name of Pepsi-Cola, in 1904, in the State of North Carolina, U.S.A., by the company which registered "Pepsi-Cola" in Canada in 1906 and there was the suggestion, but without any definite proof, that this beverage was sold in that State, and perhaps elsewhere, earlier than in 1904. The evidence as to the extent or period of time in which this North Carolina company sold its beverage in the United

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States was not established, but at any rate there is no evidence that it ever carried on business in Canada, or that it ever sold its product in Canada under the name of Pepsi-Cola, and in fact there is no evidence that a beverage was ever sold in Canada under the name of Pepsi-Cola, until so sold by the defendant, and which sales began in 1934. On the whole, the evidence adduced on behalf of the defendant might be summed up by saying that since 1934 it has manufactured and sold in certain localities in Canada a beverage under the name of "Pepsi-Cola," in bottles larger and different in shape from those in which the plaintiff's beverage is vended, and not from soda fountains or such dispensaries.

It might be convenient at this stage to refer to certain registered trade marks put in evidence by the defendant, and which go to show that either the word "Coca," or "Cola," or variants of such words, usually with a word prefix or suffix, have been registered in Canada in considerable numbers, in most cases to be applied to beverages such as we are concerned with. There were put in evidence by the defendant some thirty certified copies of such registrations, among which we find such marks as Kuna-Kola, Mint-Kola, Cola-Claret, Tona-Cola, Kola-Bromo, Kali-Kola, La-Kola, Celery Kola, Mexicola, Kola-Fiz, Fruta-Kola, Royal Kola, Ketra Kola, Fruta-Kola, Kola-Cardinette, Klair-Kola, Laxakola, Noxie-Kola, Orange Kola, Vita-Kola, Kolade, and Rose-Cola. All of these marks were registered subsequent to the registration of Coca-Cola, most of them in recent years, and four of them were registered for use in connection with medicinal preparations. No evidence, so far as I recall, was given as to whether any of these registered marks ever went into use in Canada. In the defendant's particulars there is furnished a lengthy list of alleged user in Canada of the word mark "Kola" and "Cola," usually associated with some other word, some of which are included among the registered marks just referred to. These particulars purport to show when, where and by whom, in Canada, such trade marks were used, with three or four exceptions all subsequent in point of time to the registration of the plaintiff's mark, but no evidence was furnished in proof of the use of such marks and therefore the same is not

of any importance here. What inference is to be drawn from such registrations, and such alleged user, will be referred to later.

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It might be desirable before proceeding further to refer, without comment, to those provisions of the Unfair Competition Act, 22-23 Geo. V, c. 38, which may have relation to some of the various issues which arise in this case.

Sub-s. (e), (k), (l), and (m) of s. 2 of the Act define "Similar" in the following terms:—

(e) "Owner" in relation to a trade mark, means either the person who has an exclusive right to use the mark in association with his wares in such a way as to indicate to dealers in and/or users of the wares that they have been manufactured, sold, leased or hired by him

(k) "Similar," in relation to trade marks, trade names or distinguishing guises, describes marks, names or guises so resembling each other or so clearly suggesting the idea conveyed by each other that the contemporaneous use of both in the same area in association with wares of the same kind would be likely to cause dealers in and/or users of such wares 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;

(l) "Similar," in relation to wares, describes categories of wares which, 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 and/or users of them as to cause such dealers and/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 which 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, and/or users of such wares that they have been manufactured, sold, leased or hired by him,

Sec. 3 (c) enacts that:—

No person shall knowingly adopt for use in Canada in connection with any wares any trade mark or any distinguishing guise which . . .

(c) is similar to any trade mark or distinguishing guise in use, or in use and known as aforesaid.

Sec. 4, s.s. (1) is as follows:—

4. (1) The person who, in association with wares, first uses or makes known in Canada, as provided in the last preceding section, a trade mark or a distinguishing guise capable of constituting a trade mark, shall be entitled to the exclusive use in Canada of such trade mark or distinguishing guise in association with such wares, provided that such trade mark is recorded in the register existing under the *Trade Mark and Design Act* at the date of the coming into force of this Act,

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Sec. 11 reads as follows:—

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11. No person shall, in the course of his business,

(a) make any false statement tending to discredit the wares of a competitor;

(b) direct public attention to his wares in such a way that, at the time he commenced so to direct attention to them, it might be reasonably apprehended that his course of conduct was likely to create confusion in Canada between his wares and those of a competitor;

(c) adopt any other business practice contrary to honest industrial and commercial usage.

Sec. 18 defines the effect of a certified copy of the record of the registration of a trade mark in the following words:—

18. (1) In any action for the infringement of any trade mark, the production of a certified copy of the record of the registration of such trade mark made pursuant to the provisions of this Act shall be *prima facie* evidence of the facts set out in such record and that the person named therein is the registered owner of such mark for the purposes and within the territorial area therein defined.

(2) Such a certified copy shall also, subject only to proof of clerical error therein, be conclusive evidence that, at the date of the registration, the trade mark therein mentioned was in use in Canada or in the territorial area therein defined for the purpose therein set out, in such manner that no person could thereafter adopt the same or a similar trade mark for the same or similar goods in ignorance of the use of the registered mark by the owner thereof for the said purposes in Canada or in the defined territorial area within Canada.

Sec. 26 (1) (c) and (d) is to the following effect:—

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

(c) is not, to an English or French speaking person, clearly descriptive or misdescriptive of the character or quality of the wares in connection with which it is proposed to be used,

(d) would not if sounded be so descriptive or misdescriptive to an English or French speaking person;

At the trial the plaintiff established, by certain discovery evidence, the sale in Canada by the defendant of a beverage, falling within the same category as that of the plaintiff's, under the name of Pepsi-Cola. On that evidence, and on proof of the registration of its mark, the plaintiff rested. Thereupon the defendant moved for the dismissal of the plaintiff's action, but this application I refused. The plaintiff, I think, established a *prima facie* case, and I do not think it was required to do more at that stage, in an action for infringement of a registered trade mark, though more might be required in a passing off action. The plaintiff, having established that it, or its predecessor in business, was the first to make known and use, and register, its mark in Canada, and having shown

user of the defendant's mark, and there obviously being some similarity between the two marks, I think the plaintiff, in these circumstances, was justified in resting its case. I do not think that the plaintiff was bound to show specific instances of confusion, or that any person was actually deceived by reason of the contemporaneous use of both marks. Sec. 18 of the Unfair Competition Act provides that the production of a certified copy of the record of the registration of a trade mark shall be *prima facie* evidence of the facts set out in such record and that the person named therein is the registered "owner" of such mark for the purposes and within the territorial area therein named, and by s. 2 (e) of that Act, "owner," in relation to a trade mark, means the person who has an exclusive right to use the mark in association with his wares so as to indicate to dealers and users thereof that they have been manufactured or sold by him. Possibly the court might have been assisted by evidence upon some points, by both parties, but except for one witness called by the defendant, and certain discovery evidence introduced by the defendant, no further evidence was given at the trial.

The major question for determination here is whether the plaintiff's mark is infringed by the use of the defendant's mark. Whether two marks, having some definite similarity, are calculated to lead to confusion is usually one of considerable difficulty, and particularly is this true of cases where the marks in conflict consist of a compound word, one part of which is precisely the same, or, where they are coined words possessing some common characteristic and each perhaps suggestive of the character or quality of the articles to which they are applied, and which fall within the same general category. And such cases are rendered more difficult when there is no evidence as to specific instances of confusion arising from the use of the trade marks said to be in conflict, or where there is no evidence that dealers in such articles have experienced instances of confusion. I propose to refer to certain English and American decisions, in trade mark cases, and I propose to quote at some length certain passages therefrom. Portions of some of such passages may refer to points other than the question of infringement, and if I

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include the same it is because they touch upon some other issue arising here. As has been frequently stated, probability of deception is, of course, a question of fact, and except so far as the decided cases lay down any general principle of comparison, they afford no assistance in the determination of new questions of fact raised upon other materials, but in some instances decided cases may contribute some assistance and I venture therefore to refer to some. I shall first refer to certain English authorities.

In the English case of *Bale and Church Ltd. v. Sutton, Parsons & Sutton* (1), the registered mark was "Kleenoff" and the infringing mark was "Kleenup," both used in respect of cleaners for cooking stoves and the like. The trial Judge, Clauson J., found there was infringement. On appeal, reported in the same volume, at p. 139, Lord Hanworth M.R. said:—

When one comes to consider what has been done by the defendants, I desire to read the observation which I made in the *Ustikon* case, reported in 41 Reports of Patent Cases 412, where I said this at p. 422: "I agree with the argument that was presented to us by Sir *Duncan Kerly* that, when the registration of a mark under Part B is challenged, it may be challenged in other ways than by leading evidence. In fact it may be challenged by a scrutiny and criticism of the word and consideration of the relevant authorities" Those observations, to my mind, apply to the present case, and we are entitled to scrutinize and criticize the word which is now being put forward. It is suggested, first, that there is no similarity in the two words "Kleenoff" and "Kleenup," which seems to me to be an almost impossible contention; and, secondly, it is said that distinctiveness is only in the termination, because, as may be seen from an examination of the telephone book, the word "Kleen" is used in various collocations for the purpose of indicating various firms. I do not attach much importance to that.

I think the passage to which Mr. *Swan* called our attention in a judgment of Lord Justice *Sargant* is useful upon such a point, but those cases in which "Kleen" is used are in respect of commodities which are not closely competitive, as is the case between the commodities of the Plaintiffs and the Defendants. In the case of "Klinoff," that is a disinfectant cleanser; in the case of "Simoniz Kleener," that is a cleaner of furniture and woodwork. But in the present case we get two commodities by these names "Kleenoff" and "Kleenup," which are intended for precisely the same purpose, "Kleenup" having been now discovered to be useful in the same sphere as "Kleenoff" has been proved to be for some twenty years by the sales that have been made by the Plaintiffs.

Mr. *Shelley* propounded two propositions. He said: "There are two questions; have the Plaintiffs satisfied the Court that the Defendants have infringed the word 'Kleenoff'?" The learned Judge, after hearing the evidence, has definitely held that they have, and I confess I should have accepted the evidence as the learned Judge has done and held

that it had been established that the Defendants had infringed; and for this reason: They have applied a word, "Kleenup" which is in no sense really distinctive with reference to the word "Kleenoff" to the very same sort of commodity to which it had been previously applied, and no valid distinction or differentiation can be made by reason of the mere termination, treating the body of the word as available for all persons. But Mr *Shelley* took a second point, namely: Have the Defendants established that the user, such as it is, by the Defendants is one which is not calculated to deceive or to lead to the belief that the goods the subject of such user were manufactured by the proprietors of the trade mark? Mr. *Shelley* says there is no evidence of actual deception. Applying the standard, or canon, which I have suggested from the *Ustikon* case, it appears to me that, quite apart from affirmative evidence which may be difficult to get and possibly somewhat difficult to accept, an examination of the two words clearly indicates such a similarity that, if an order was given by telephone or an order even in writing it might well create a confusion in the minds of persons who received the one commodity when they were asking for the other. Under those circumstances, it does not appear to me that the Defendants have established that the user of which the Plaintiffs complain is not such as to lead to the belief that the goods the subject of the user were not goods manufactured and selected by the proprietor of the trade mark.

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It must be remembered that the Trade Mark is registered as a word and for a word, and not for any get-up. It lies upon the Defendants to establish that there could not be deception or confusion, and in the present case they have an extremely difficult task where they are dealing with a commodity produced for precisely the same purpose as that of the Plaintiffs and where there cannot be a wholly or practically different user, such as was suggested in the case where you have an article, although in the same Class, yet used for a completely different purpose, as would be this "Kleenoff" and candles which are found in the same class of goods

In the same case *Romer L.J.*, at p. 141, made the following observations which I think have some application here. He said:—

It is not disputed that the test to be applied in considering whether one trade mark does or does not infringe another registered trade mark is correctly stated on page 445 of *Sir Duncan Kerly's* book. He there states as follows: "Infringement is the use by the defendant for trade purposes upon or in connection with goods of the kind for which the plaintiff's right to exclusive use exists, not being the goods of the plaintiff, of a mark identical with the plaintiff's mark or comprising some of its essential features or colourably resembling it so as to be calculated to cause goods to be taken by ordinary purchasers for the goods of the plaintiff."

Now it is necessary to bear in mind in this case that the registered mark of the Plaintiffs does not consist of the two English words "clean off"; it consists of something that is not an English word, spelled "K-l-e-e-n-o-f-f." That, of course, when pronounced, sounds like the two English words "clean off."

The Defendants' mark complained of by the Plaintiffs in this action and used by them upon goods substantially identical with the goods of the Plaintiffs' consists, again, not of two English words, but of one

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word which is not an English word at all, namely, the word "kleenup"—again a word which sounds like the two English words "clean up."

I think the case perhaps is somewhat near the line, but on the whole I have come clearly to the conclusion that the use by the Defendants of this mark "Kleenup" so nearly resembles the Plaintiffs' registered mark "Kleenoff" as to be calculated to cause goods sold under the mark "Kleenup" to be taken by ordinary purchasers for the goods of the Plaintiffs. It must, I think, be borne in mind in this, as in other similar cases, that the ordinary purchaser has only the ordinary memory and that a man who has been accustomed to buy the Plaintiffs' material "Kleenoff" is quite likely to have forgotten the precise name which the Plaintiffs have attached to their material; that is to say, the precise registered trade mark of the Plaintiffs. But the one thing I should have thought he would remember is that it begins with the somewhat ridiculous word "Kleen." What he might very well fail to remember is whether it ended with the word "off" or with the word "up." So that, if a man who was ordering the goods himself wanted to give a repeat order for "Kleenoff" he might very well make a mistake, especially if he saw the word "Kleenup" in the shop where he was giving the order and order that stuff believing it to be the Plaintiffs' "Kleenoff." But, apart altogether from the man who himself has given the order, and may have and probably has an imperfect memory, the fact has also to be borne in mind that goods are frequently ordered on the telephone, and are frequently ordered on behalf of the purchaser by a domestic servant. In both those cases, even though the name had been correctly given and was intended to be correctly given on the telephone the receiver at the other end of the telephone might very well mistake "Kleenoff" for "Kleenup." The domestic servant might very likely, too, make a mistake, and instead of ordering "Kleenoff" order "Kleenup."

It may be said that the marks in question in the "Kleenoff" case more clearly suggest the probability of confusion than the marks in the case presently before me for decision, but it seems to me that persons might very easily and readily be confused or mistaken in receiving an order for the beverage of either the plaintiff or defendant, if hurriedly or carelessly given or pronounced, particularly over the telephone; and confusion might easily occur if the emphasis happened to be placed on the last part of the hyphenated word mark, and, in this particular case, I think there would be a tendency so to do. And further, there would, I think, be a probability of confusion resulting from the probable tendency on the part of many persons to abbreviate one or other of the marks, or both marks, into "Cola," which would render it easily possible for a person to be given a beverage he really had not in mind.

In the matter of an application by *Magdalena Securities, Ltd.* (1), for registration of the word "Ucolite" as

a trade mark for partially coked coal, the mark "Coalite" being earlier registered and in use, Maughan J., on appeal from the Registrar who had allowed the registrations, said:—

I would add this, that people who have heard of "Coalite" as a fuel and who have been recommended to "Coalite," may well think on another occasion when they are offered "Ucolite" that the substance "Ucolite" is the substance of which they have heard a good account. It is actually in evidence before me that "Coalite" is constantly spelled with the "a," and that "Coalite" is often ordered with a "K," beginning the first syllable with "Ko." I have referred to foreigners and girls—girls who come from the elementary schools—who are employed when fuel runs out to go to the telephone, or to go round to a Coal Office, and order goods, and I am not satisfied that if they have been told to order "Coalite," if the coal merchant were to say, "What you want is "Ucolite," they would not gladly accept that view. And, on the telephone, the case is even stronger, because anybody who knows how difficult it sometimes is either to hear or to make oneself heard on the telephone, in certain conditions which constantly arise, will know that you cannot pronounce words quite in the way in which they are pronounced in ordinary speech to a person who is standing beside you. I venture to think that nobody wanting to order "Ucolite" on the telephone would say "I want a ton of 'Ucolite,'" with the accent on the 'U'; he would have to pronounce the syllables quite separately; and then some trouble comes in by reason of the fact, or the possible fact, that the man at the other side had caught the syllables "Co-lite" very distinctly and had not caught the vowel "U." As a matter of fact, the vowel "u" is a very difficult vowel to make plain on the telephone and it seems to me not at all improbable—and the evidence before me tends to show that it would be very probable in actual use,—that the person ordering on the telephone "Coalite" would be asked if he meant "Ucolite" and would consent, he not having heard the "U," or vice versa. In my opinion, therefore, it is not improbable that orders given over the telephone, even by moderately intelligent people, will result in confusion if both the articles are in common use; and I think with regard to verbal orders given by people without a high standard of education, or without the educated man's habit of pronouncing the first syllable of a three-syllable word as being the principal syllable on which to lay emphasis, they also will lead to confusion.

In *Davis v. The Sussex Rubber Co. Ltd.* (1), the trade mark "Ustikon" was registered and in use by the plaintiff since 1919, in respect of rubber soles for boots and shoes, and the infringing mark, also registered, was "Justickon," used also in connection with rubber soles. In this case the trial judge, Russell J., found that the word "Justickon" was liable to be confused with the word "Ustikon," and that therefore there was infringement. I wish to refer particularly to a small portion of the

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remarks of Lawrence J., on appeal, at page 429 of the reported case. He said:—

The Appellants' mark contains the whole of the Respondent's mark with the sole additions of the two letters "J" and "c." The Appellants contended that, so far as the last two syllables of both marks were concerned, they were common to the trade and that the addition of the initial letter "J" sufficiently differentiates their mark from the Respondent's so as to prevent it being an infringement or calculated to deceive. In my judgment, this contention is ill-founded. In the first place, I think that for the purpose of judging whether there has been an infringement or whether there is likelihood of deception the whole mark should be looked at and that it would not be right to ignore altogether that part of the mark which, if standing alone, would be incapable of distinguishing the goods. And, in the next place, even if it were right to ignore the last two syllables of both marks, the distinction between the letter "U" and the letters "Ju" is, in my opinion, not sufficient either when written or when spoken to prevent the latter from being an infringement and from being calculated to mislead.

In arriving at a conclusion as to what resemblance is sufficient to justify an injunction against infringement and passing off, the Court must have regard (*inter alia*) to the other marks used in the trade, the probable purchasers and the places where the goods are likely to be sold. Taking all these matters into consideration, I agree with the learned Judge that the Appellants' mark "Justickon" is an infringement of the respondent's mark "Ustikon," and that there is a likelihood of deception owing to the close resemblance of the two words.

In the matter of applications by *Wheatley Akeroyd & Co. Ltd.* (1), the court had to consider whether the marks "Vyno" and "Vino" should be registered in respect of toffee, the trade mark "Harvino" being already registered in respect of confectionery and used for toffee. On appeal from the Registrar, allowing the applications, it was held that neither of the marks applied for should be registered because they so closely resembled the trade mark "Harvino" as to be calculated to lead to confusion. In that case Sargant J., at pp. 140, 141, said:—

The law on the subject has been concisely summed up in the judgment of the late Lord Parker, when a Judge of first instance. In *the Matter of an Application by the Pianotist Company Ltd.*, reported in 23 Reports of Patent Cases, at page 774. He says this:—"You must take the two words. You must judge of them, both by their looks and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances, and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion—that is to say, not necessarily that one will be injured

and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods—then you may refuse the registration, or rather you must refuse the registration in that case” Here the word “Harvino” is a word from which the first letter, as the word would be pronounced by a large number of those who buy the toffee, would be conspicuous by its absence. I think it is also clear that in the pronunciation of the word the second syllable would be the syllable on which the accent is laid. And the first syllable, especially when the first letter is omitted, has a slurring sound about it, not a sound at all calculated to arrest attention. Under those circumstances, when children go and ask for small quantities of toffee, I think it would be extremely likely that the word “Vino” would be confused with the word “Harvino” Mr. Gray has argued that, if I refuse the registration, I shall be giving to the proprietor of the word “Harvino” a monopoly of the two syllable word “Vino” I do not think that that will be the result of my decision. I expressly disclaim any result of that kind I think it is quite possible that the two syllables “Vino” may be used in conjunction with some other syllable, either preceding or following those two syllables, so that there would be no probability of confusion between the ultimate result and the already registered word “Harvino” But, as between the word “Harvino” and the word “Vino.” I do think that there would be a considerable probability of deception among the class of persons who would be asking for the toffee. Accordingly, I allow the Appeal.

I now turn to certain American cases which are apposite here because in each case the owner of the registered trade mark “Coca-Cola,” the plaintiff’s parent company, sought to establish infringement, or passing off, of its mark, and which mark is precisely the same as that of the plaintiff’s in this case. In the United States there apparently developed, as later in Canada, a rather widespread tendency to imitate the mark “Coca-Cola,” in connection with beverages of the same character, and there we find that there was registration and use, or use simply, as trade marks, of the word “Coca,” or “Cola,” or variants of the same, and usually one or other of such words would be hyphenated with another word. In one case the trade mark “Pepsi-Cola” was the offending mark, and in another even the exact mark “Coca-Cola.” The case of *Coca-Cola Company v. The Koke Company of America* (1), will first be mentioned. The defendant’s trade mark in that case was the word “Koke,” and action was brought by the plaintiff to restrain infringement of its mark by the use of the word mark “Koke,” with the result that the action was sustained by the court of first instance and the defendant was restrained from further use of its mark. It was

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held that the word "Koke" was selected for the purpose of reaping the benefit of the reputation and advertising of the plaintiff, and because it would permit the defendants to better dispose of their product as and for Coca-Cola. This decision was reversed by a Circuit Court of Appeals (1), but only on the ground that the plaintiff was held chargeable with certain deceptive and fraudulent conduct in the advertising and sale of its product which, it was held, precluded a court of equity from granting any relief to the plaintiff in the protection of its trade mark or business. On appeal to the Supreme Court of the United States (2), the decision of the court of first instance was restored. There were thus three courts which held that, on the merits of the case, the mark "Koke" infringed that of "Coca-Cola." The judgment of the Supreme Court of the United States was delivered by Mr. Justice Holmes. He said, at p. 145:—

It appears that after the plaintiff's predecessors in title had used the mark for some years it was registered under the Act of Congress of March 3, 1881, c. 138, 21 Stat. 502 and again under the Act of February 20, 1905, c. 592, 33 Stat. 724. Both the Courts below agree that subject to the one question to be considered the plaintiff has a right to equitable relief. Whatever may have been its original weakness, the mark for years has acquired a secondary significance and has indicated the plaintiff's product alone. It is found that the defendant's mixture is made and sold in imitation of the plaintiff's and that the word Koke was chosen for the purpose of reaping the benefit of the advertising done by the plaintiff and of selling the imitation as and for the plaintiff's goods. The only obstacle found by the Circuit Court of Appeals in the way of continuing the injunction granted below was its opinion that the trade mark in itself and the advertisements accompanying it made such fraudulent representations to the public that the plaintiff had lost its claim to any help from the Courts. That is the question upon which the writ *certiorari* was granted and the main one that we shall discuss.

Mr. Justice Holmes, after discussing the grounds of the judgment of the Circuit Court of Appeals, proceeded to say, at p. 146: —

. . . We are dealing here with a popular drink, not with a medicine, and although what has been said might suggest that its attraction lay in producing the expectation of a toxic effect the facts point to a different conclusion. Since 1900 the sales have increased at a very great rate corresponding to a like increase in advertising. The name now characterizes a beverage to be had at almost any soda fountain. It means a single thing coming from a single source, and well known to the community. It hardly would be too much to say that the drink characterizes the name as much as the name the drink. In other words,

(1) (1919) 255 Fed. Rep. 894.

(2) (1920) 254 U.S.R. 143.

Coca-Cola probably means to most persons the plaintiff's familiar product to be had everywhere rather than a compound of particular substances. . . . It appears to us that it would be going too far to deny the plaintiff relief against a palpable fraud because possibly here and there an ignorant person might call for the drink with the hope for incipient cocaine intoxication. The plaintiff's position must be judged by the facts as they were when the suit was begun, not by the facts of a different condition and earlier time.

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In *Coca-Cola Co. v. Chero-Cola Co.* (1), it was held by the Court of Appeals for the District of Columbia, on appeal from the Commissioner of Patents, that the mark "Chero-Cola" was so similar to that of "Coca-Cola," as to be likely to cause confusion in the public mind or to deceive purchasers, and that the application for registration of "Chero-Cola" should be refused. In that case Smyth C.J., in the course of his judgment, at p. 756, made the following observations:—

Opposer has been using its mark since 1886, while applicant did not adopt its mark until 1911. It is conceded that the goods of the parties have the same descriptive properties, and therefore there is but one matter for our decision, namely, whether or not the marks are so similar as to be likely to cause confusion in the public mind or to deceive purchasers.

Nearly 3,000 pages of testimony were taken, and elaborate briefs have been filed. Many decisions by courts in this country and in England are cited, and, besides, we are invited to listen to the teaching of psychology on the subject. None the less the question in dispute is a simple one, and the principles by which its solution may be reached have been often declared and applied by this court.

It is true that, if we analyse the two marks, differences will be found. They do not sound quite alike, and the number of letters in each is not the same; but these are only arguable differences, which are not enough to defeat the opposition.

Each of the marks embraces two hyphenated words. "C" is the first letter in each mark, and "Cola" the last word in each. The image which one mark paints upon the mind is not clearly different from that made by the other mark. To require that the line which separates marks should be well defined is not to ask too much, since the field from which a person may select a mark is almost limitless. If he is not content with a word to be found in a dictionary, he may coin one.

Of course, if the two marks were placed together, or if a person's attention was in some other way directed to them, there would be no difficulty in apprehending the difference between them. This, however, is not the way to make the test. Ordinarily the prospective purchaser does not carry more than a faint impression of the mark he is looking for. If the article offered to him bears a mark having any resemblance to the one he is thinking of, he is likely to accept it. He acts quickly. He is governed by a general glance. The law does not require more of him. *Patton Paint Co. v. Orr's Zinc White*, 48 App. D.C. 221.

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Opposer, as we have seen, adopted its mark in 1886, and has been using it ever since, so that "the mark for years has acquired a secondary significance, and has indicated the plaintiff's (opposer's) product alone" *Coca-Cola Co v. Koke Co. of America*, 254 U.S. 143, 41 Sup. Ct. 113, 65 L Ed—; Millions have been spent by it for advertising its goods under the mark. During the time that it has used the mark it has been doing business in Atlanta, Ga. Applicant's place of business is a nearby town—Columbus, Ga. It, as we have said, did not commence to use its mark until 1911, twenty-five years after opposer had put into use its mark. Why was this mark selected by it, since it had so many others from which to choose? Is not its action open to the inference that the purpose was to appropriate some of opposer's business, by producing confusion in the mind of the purchasing public? Whatever the purpose may have been, it is quite undeniable that mistakes have resulted from the use of applicant's mark.

In *Coca-Cola Company v. Old Dominion Beverage Corporation* (1), the trade mark "Taka-Kola" was held by the Circuit Court of Appeals, Fourth District, to infringe the mark Coca-Cola. It would appear from the report of the judgment of that court that the defendant corporation was promoted by persons who had earlier been involved with the plaintiff, in a contest in the United States Patent Office, over the right to use the word "Tenn-Cola," and in which the defendant was unsuccessful. From the judgment of the Circuit Court of Appeals at p. 603, I quote the following:—

In this case it is true that the evidence does not show that the defendant ever asked any one to sell its product as Coca-Cola. It appears that in Richmond, at least, most purchasers know that Taka-Kola is in a way different from Coca-Cola. On the other hand the similarity of names seems to have suggested to unscrupulous retailers that they could mix defendant's product with that of plaintiff and sell the compound as Coca-Cola; the marked likeness in taste and colour making such a partial substitution safe and easy. At one time, when in Richmond the supply of Coca-Cola ran short, this fraud appears to have been practised to an appreciable extent.

The strength of defendant's position, if it has any, must lie in the soundness of the contention which it sets up, implicitly, if not explicitly, that as Coca-Cola is not patented it has the right to make it if it will and can, or may make something as near like it as its skill and knowledge will permit; that, having produced a beverage which in all substantial respects is almost if not quite the same thing, there is no reason why it may not tell the public it has done so; and that it makes no legal difference whether to give this information it uses many sentences, or but one or only two short words. It says that, while the phrase "Taka-Kola" informs possible purchasers that the beverage it makes is very much like Coca-Cola, it also gives him to understand that it is the product of another concern. The argument is ingenious. It is of course true that, because plaintiff's drink is not patented, any one who knows how can make it without leave or licence from plaintiff; but also,

because it never has been patented, the name which constitutes plaintiff's trade mark for it may not, without plaintiff's consent, be either used or imitated by another.

May defendant employ, for the sole purpose of bringing its wares speedily and cheaply into notice, a variant of plaintiff's trade mark so close as to suggest the latter to every one thereby turning to its own profit the reputation which the plaintiff has built up through many years of skill and effort, and at the cost of millions expended in advertising its goods under its mark? It may tell the thirsty that its drink is not only as good as Coca-Cola, but that it believes it to be in fact the same thing; but can it do so by using plaintiff's trade mark to plaintiff's hurt? Even if there is no attempt by defendant to palm off its goods as those of plaintiff, does it necessarily follow that defendant is not unfairly competing? The right to equitable relief is not confined to cases in which one man is selling his goods as those of another. *International News Service v Associated Press*, 248 U.S. 215, 241, 39 Sup. Ct. 68, 63 L. Ed. 211, 2 A.L.R. 293. What in that case, upon a different state of facts was said of the respondent, is applicable to defendant's conduct here, for it, too, "amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point when the profit is to be reaped in order to divert a material portion of the profit from those who have earned it to those who have not"

By using the words "Taka-Cola," and by imitating the ornamentation of the crowns of plaintiff's bottles defendant has unfairly competed and is still doing so; but has it not also infringed upon plaintiff's exclusive right to the use of its federally registered trade mark? A trade mark is property of a limited and qualified kind, it is true. It cannot exist apart from the business with which it is connected, nor in jurisdictions into which that business has not gone, leaving on one side the possible effect of a state or federal registration. But it is property still within the somewhat restricted limits thus imposed upon its owner's rights. It would seem to follow, as we think it does, that it is entitled to protection against the attempt of a competitor to use it to push his wares to the possible and probable damage of the owner. Plaintiff's rights are limited at the most to two words. All the rest of infinity is open to the defendant. It will be safe if it puts behind it the temptation to use in any fashion that which belongs to the plaintiff. It has not done so voluntarily, and compulsion must be applied.

The next case to which I would refer is that of *Coca-Cola Co. v. Duberstein et al.* (1), an unfair competition case, in which the trade mark "Coca-Cola" was held to be infringed by the mark "Coca and Cola." During the pendency of the case the defendants changed their mark to "El-Cola" by covering the infringing mark blown in the bottles by a paper label, which was likely to become detached. It was held that even if the paper label were permanent, it afforded no protection, and was a mere evasion and an infringement of the plaintiff's mark Coca-Cola, and in the circumstances amounted to a contempt

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(1) (1918) 249 Fed. Rep 763.

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of court. The trial judge made the following remarks in the course of his judgment (p. 764):—

This is illustrative of a strange lack of perception on the part of the defendant Duberstein, and by many, as the decisions show, in cases of infringement of trade-mark and unfair competition, that the courts deal with matters of substance rather than of form, and that the odour of fraud is difficult to remove. This case reeks with it. Why does the defendant use the word "Cola" at all? And why colour its product as it does? And why adopt the same size of bottles? The only purpose is to appropriate a part of the value of the complainant's trade-mark and good will.

The use of the mark "Coca" and "Cola" was, of course, utterly indefensible and a palpable fraud, and I refer to this case only to emphasize the utter lack of *bona fides* in some of the attempts to use trade marks having a similarity to the mark "Coca-Cola," in connection with the sale of beverages.

I shall refer next to the case of *Steinreich v. Coca-Cola Co.* (1). There, the word mark "Vera-Coca" used to designate a soft drink, was held to be so similar to the registered mark "Coca-Cola," applied to a similar drink, as to cause confusion, and registration was refused by the Commissioner of Patents. On appeal to the Court of Customs and Patents Appeals, a court consisting of five judges, who I assume are experienced in this very class of litigation, the finding of the Commissioner of Patents was sustained. The judgment of the Court of Customs and Patent Appeals was delivered by Lenroot J. who said:—

The Commissioner of Patents held that the goods to which the respective marks are applied are substantially identical in class and descriptive properties, and that appellee had used its mark for forty years before appellant entered the field, had expended large sums in advertising its goods under its mark, and had sold such goods in very great quantities throughout the United States. In view of these facts, which are undisputed in the record, the Commissioner further held that the question to be determined was confined to a comparison of the marks. Upon this question the Commissioner said:—

"Both marks include the word 'Coca'; the applicant places the notation 'Vera' before the word and the opposer places the word 'Cola' after the common word, and both parties separate their words by a hyphen. It is at least reasonable to suppose that customers in ordering goods of this kind might abbreviate the entire name or notation and if this were done the goods of the opposer and those of the applicant might well be called for by the word 'Coca.' At any rate the goods are of the character to be ordered carelessly without much thought or consideration and it is deemed at least probable there would

be some confusion of goods as well as of origin. Those familiar with the opposer's trade-mark and goods might be led to think even if the difference in the trade-marks were noted, that the applicant's goods had their origin with the opposer; and that the latter was putting out a new kind of beverage. It is considered the applicant has approached too nearly opposer's trade-mark and should have, from the practically unlimited field before him, selected a mark as to which there could be no question of confusion."

The decision of the examiner of trade-mark interferences sustaining the opposition and adjudging the applicant not entitled to the registration for which he has applied is affirmed.

We are in entire agreement with the foregoing conclusion of the Commissioner. Appellant challenges the statement of the Commissioner that the goods upon which the marks are applied are of the character to be ordered carelessly without much thought or consideration.

The goods to which the marks of both parties are applied include syrups which are sold to proprietors of soda fountains and like dispensaries, and the drink of which such syrup is an ingredient is sold to the public. While it is no doubt true that dealers would not carelessly order the goods, the purchaser of such drinks at the soda fountain would not be apt to exercise care and precision in giving his order. As was said by the Circuit Court of Appeals, Sixth Circuit, in the case of *Federal Trade Commissioner v. Good-Grape Co.*, 45 F. (2d) 70, 72, with respect to a soft drink of a different character: ". . . The average purchaser makes for himself only a casual, if any, examination of the real character of this five-cent drink. . ."

We are also in agreement with the Commissioner that customers, on ordering goods of the kind here involved, might abbreviate the entire name or notation, and that, if this were done, the goods of appellant and appellee might well be called for by the word "Coca." Testimony introduced by appellant is to the effect that customers at soda fountains often order appellee's product "Coca-Cola" by ordering a "small coke" or a "large coke."

In the same judgment reference is made to the case of *Coca-Cola Co. v. Carlisle Bottling Works* (1), an action for infringement and unfair competition, wherein it was held by the District Court for the Eastern District of Kentucky, affirmed by the Circuit Court of Appeals, Sixth Circuit, that the trade mark "Roxa Cola" did not infringe the mark "Coca-Cola." Concerning this case, Lenroot J. said (p. 500):—

We have examined the opinions in that case and do not find it necessary to express either approval or disapproval of the conclusion there reached. It is sufficient to say that under the facts in the case at bar, which differ in material respects from the facts in the case last cited, we are satisfied that there was no error in sustaining the opposition of appellee and denying appellant's application for registration.

From this it may at least be inferred that if the Court of Customs and Patent Appeals were considering an application to register as a trade mark the words "Roxa Cola,"

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(1) (1929) 43 Fed. Rep. (2nd) 101 and 119.

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it would refuse the same. The judgment of the Circuit Court of Appeals in the "Roxa Cola" case, on the question of infringement, seems to me to proceed upon the basis that the trade mark "Coca-Cola," quoting from the judgment of the trial judge, "has been burned into the consciousness of the people generally. Instinctively one recalls in memory its appearances and sound," and that the dissimilarity in the two marks would instinctively be observed, and that deception would be impossible; with respect I would be inclined to think that, in the circumstances, this would have afforded some support for the plaintiff's contention in that case. It was also held by the Circuit Court of Appeals that the plaintiff had acquiesced in the defendant's use of the trade mark "Roxa Cola"; that there was no evidence that any casual purchaser was ever deceived by the manner of use of the defendant's trade mark; and that there was no substantial evidence of any actual intent by the defendant through its officers or agents to deceive by the use of its trade mark. These findings of fact appear to me more relevant in an action for unfair competition, or passing off as we usually call it, than to one for infringement. The facts in the Roxa Cola case may have justified the finding that the charge of passing off was not established.

Finally, and in the same connection, I shall refer to the cases of *Coca-Cola Company v. Loft Inc.*, and *Coca-Cola Company v. Happiness Candy Stores Inc.* (1), passing off actions, heard together, and decided in June, 1933. Both parties here seem to draw comfort from the result in those cases. Mr. Guth, who gave evidence at the trial here for the defendant Pepsi-Cola Company, was interested in the business of both defendants, and he is presently General Manager of the American Pepsi-Cola Company, which in turn controls the defendant company. Loft Inc., and Happiness Candy Stores Inc., owned or controlled a great number of shops in New York City, and perhaps elsewhere, in which the beverage "Pepsi-Cola" was sold, from soda fountains only; as a result of the trial and judgment of those two cases, the defendants, and the American Pepsi-Cola Company, turned to the use of bottles exclusively, at least I so understand. At the instance of agents

or investigators of the plaintiff Coca-Cola some six hundred and twenty different orders for Coca-Cola were given in the shops of the defendants, and they were in all cases served with Pepsi-Cola, and not Coca-Cola. The report of the cases sets forth the following facts (p. 901):—

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Prior to September 26, 1931, Coca-Cola was sold in all these stores. On that date its sale was discontinued and the Loft management introduced in all the stores managed by it a drink, new to New York and vicinity, called Pepsi-Cola, a drink made in a manner similar to that of Coca-Cola and resembling the latter in colour. After September 26, 1931, no Coca-Cola was sold in any of the stores under the Loft management. The president and some of the other officers of Loft Inc. have acquired a substantial interest in the company that manufactures Pepsi-Cola—enough of an interest to give them a working control of that company. The son-in-law of Mr. Guth, president of Loft Inc, is in charge of the management of the Pepsi-Cola Company.

Coca-Cola is a well known beverage upon the promotion and exploitation of which the complainant has spent in advertising alone since 1886 more than sixty million dollars. Coca-Cola is familiarly and very extensively known. It is called for by the public both under the name of Coca-Cola and Coke.

The complainant charges the defendants with substituting and passing off, without explanation or comment, in response to calls for Coca-Cola, a product not the product of the complainant and not containing complainant's Coca-Cola syrup, but closely imitating complainant's product in colour, appearance and taste, in fraud of the purchasing public and in violation of complainant's rights. The substitute so charged as having been passed off is Pepsi-Cola.

The action was dismissed on the ground which will presently appear from excerpts from the judgment of the Chancellor of the Court of Chancery of Delaware. He said (p. 901):—

There is practically no dispute in these cases upon material matters of fact. The uncontradicted evidence shows that substitutions were made by employees of the defendants of a product other than Coca-Cola for that beverage when calls for the same were made at the Loft and Happiness, as well as at their Mirror stores.

* * * * *

Where, as here, the facts specified to by the complainant's investigators are in no wise challenged either by direct evidence or by any circumstance other than the mere fact that the witnesses were employed by the complainant to investigate the defendant's behaviour, there can be no possible justification for the court's refusal to lend credit to the witness-investigators.

He then proceeds to state that there were six hundred and twenty substitutions made in forty-four stores by forty-one soda dispensers at fountains, and fifty-nine waitresses at tables. The Chancellor then proceeds (p. 903):—

The proposition is of course a general one that a principal is responsible for the acts of his agent done in the course of his employ-

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ment. As I read the cases, however, the law refuses to apply that general principle so far as to hold that a fraudulent intent to injure another in his trade will be conclusively presumed against an employer from the acts of a clerk. The principle may be deduced from the case I think, that if it is shown that clerks or salesmen engaged in acts which constitute unfairness in trade towards another, a *prima facie* case for an injunction is made out against the employer. The burden is thrown upon the defendant employer to rebut the presumption thus raised against him, and if he can exculpate himself by showing that he was entirely innocent of any participation in the wrong or connivance in its perpetration, injunctive relief against him will be refused.

This I am aware is contrary to the authority of the English case of *Gnerson-Oldham & Co., Ltd. v. Birmingham Hotel & Restaurant Co. Ltd.*, 18 R.P.C. 158, where it was held that as a corporation acts through agents and as the waiters of a defendant were its agents acting for it in its restaurants, the acts of the waiters in substituting a wine not made by the complainant on calls from customers for complainant's wine, were attributable to the defendant with all their inculpatory intent, and that the *bona fide* attempt of the defendant, by appropriate orders in that behalf, to prevent its employees from resorting to any such trickery constituted no excuse, and that an injunction should issue against the employer-defendant.

The Scottish case of *Montgomrie & Co. Ltd. v. Young Brothers*, 21 R.P.C. 285, overruling 20 R.P.C. 781, is an authority directly opposed to the English case just referred to. In the case against Young Brothers, Lord Justice Clerk observed with respect to a case simply of a servant violating accidentally or otherwise the instructions of the master by substituting one product for another in violation of the complainant's rights—"in a case of that kind to say that the remedy is to interdict (or as we would say to enjoin) the master and punish him for breach of interdict, that is to say, for his contempt of the court which has granted it, if his servant or any servant in any of his shops should ever violate his instructions again—to maintain such a proposition is certainly not in my opinion to be accepted. The maintenance of such a proposition is not to be sustained."

The cases in this country in principle support the same view. They are to the effect that substitutions made by salesmen, though deliberate, will not be received as fixing an intent on the part of the employer where the circumstances are such as to justify the belief that the offending acts were done without the assent or in violation of the honest instructions of the employer . . .

The Chancellor held that upon the evidence he was unable to attribute to the defendants any intention to substitute Pepsi-Cola for Coca-Cola, and that there was a strong indication of *bona fides* on the part of the defendants to prevent the happening of the acts complained of. The actions were therefore dismissed.

It must be remembered that in each of the cases just above referred to the action was for passing off, and not for infringement, and that the ground on which they failed was upon the point of law that the principal was not responsible for the acts of its agents, but the Chancellor

held that it was manifestly clear that the plaintiff's investigators, calling for the plaintiff's beverage Coca-Cola, were served from soda fountains with the defendant's beverage, Pepsi-Cola. Whether the method pursued by the plaintiff's investigators in giving their trap orders was fair and proper I cannot say from the report of the cases, but in any event it was found that in six hundred and twenty instances, Pepsi-Cola was sold as Coca-Cola. It may fairly be presumed that at least a fair proportion of the orders for Coca-Cola were given in a distinct and careful manner, and were perfectly understood by the employees executing the orders. The Chancellor does not appear to criticize the manner in which the investigators ordered the purchases at the stores of the defendants. The facts show how extensively fraud was practised, and while Pepsi-Cola is sold by the defendant only in bottles in Canada that would not necessarily be an obstacle in the way of serving unsuspecting customers with Pepsi-Cola instead of Coca-Cola, and with comparative immunity, by dishonest retailers or their servants, if so inclined. So while in those two cases the court felt unable to impeach the rectitude of the principals in the matter, that does not furnish an answer to the contention here that on account of the similarity of the marks, and other circumstances, there is the probability of confusion arising, and the possibility of deception being practised. It is not to be inferred from the judgment of the Chancellor that had he been dealing with an action for infringement he would not have found, on the facts before him, that there was infringement. On the whole these cases seem to me to render very formidable support to the plaintiff's contention, that if the marks Coca-Cola and Pepsi-Cola are contemporaneously used, for the same class of beverage, and having the same general appearance, there is a likelihood of confusion resulting from one or more causes, particularly in the retail sale of such beverages directly to the consumer.

I might add here that in actions for either infringement or unfair competition, brought by the owner of the trade mark Coca-Cola in the courts of the United States, use of the following marks have been restrained: "Koke," "Epsso-Kola," "Takola," "A Genuine Coca And Cola Flavour," "Crescent Coca-Cola," "Extract of Coca and

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Kola," "My Coca," "Co-Cola," "Cola," "Fletcher's Coca-Cola," "Cura Cola" and "Kents Coca-Cola"; and the cases show that the following marks, upon the opposition of the American Coca-Cola Company, have been refused registration in the United States; "Sola-Cola," "Taka-Cola," "Kel-Kola," "Ko-Co-Lem-A," "Carbo-Cola," "Penn-Cola," "Tenn-Cola," "Citra-Cola," "Coca-Cola" applied to "Spearmint Pepsin Gum," "Kaw Cola," "Celro-Kola," "Sherry-Coke," "Mitch-O-Cola," "King-Cola," "Silver-Cola," "Qua-Cola," and "Prince Cola." And in default judgments, or judgments by consent of the parties, in actions brought by the owners of the mark Coca-Cola, use of the following marks was restrained by the United States courts: "Toca-Coca," "Star-Coke," "Coke," "Cola," "Ko-Kola," "Hann's Coca & Kola," "Coke-Ola," "Kos-Kola," "Cofa Kola," "Koka-Nova," and "Koke." All of the marks above mentioned—which probably does not exhaust the list—were used in respect of so-called soft drinks, or registration was sought for that purpose. The point which I particularly wish to emphasize in connection with the many marks just referred to, and the many marks referred to in the defendant's particulars, is the very extensive use or registration in the United States and Canada, of trade marks bearing some conspicuous resemblances to that of the defendant, and to the conclusion to be drawn therefrom I shall later refer.

It will have been observed that I quoted liberally from judgments rendered in the English and American cases referred to, and the reasoning and general result of the opinions there expressed, in the American cases particularly because there the trade mark "Coca-Cola" was in issue, pretty accurately express my own views upon the question of infringement in the case under discussion. The question of infringement cannot fairly or properly be disposed of by taking the two marks in question, placing them side by side, and critically comparing them; if that is done the marks may exhibit various differences, yet the main idea left in the mind by both may be the same. A person acquainted with the mark first registered, and not having the two side by side for comparison, might well be deceived, if the goods were allowed to be impressed

by the second mark, into a belief that he was dealing with the goods which bore the mark with which he was acquainted. In such a case the dissimilarities are not put before or explained to the consumer; he can only contrast the mark upon the goods offered to him with his recollection of the mark upon the goods he is seeking to buy, and allowance must be made for this in estimating the probability of deception or confusion. It would be too much to expect that persons dealing with trade marked goods, and relying, as they frequently do, upon marks, should be able to remember the exact details of the marks upon the goods with which they are in the habit of dealing. The proper course is to look at the marks as a whole, and not to disregard the parts which are common. Any other rule would be of no practical use. Then regard must be had to the nature of the goods to which the marks are applied, the similarities in the goods regardless of their dress, the nature of the market, the class of people likely to become purchasers, the appeal to the ear as well as the eye the probability of deceiving the unwary or uncritical purchaser, the opportunity afforded retailers and their employees to practice deception upon the unsuspecting customer, the liability to error and confusion in transmitting and receiving orders for the goods by telephone, the effect of the tendency to abbreviate trade marks which readily lend themselves to that practice, the fact that the first registered mark has been long and widely known, and any other special features associated with trade marks in conflict, illustrated in this case by the conspicuous scroll effect, or flourishes, in the formation of each mark.

It is quite apparent that a great deal of litigation has already arisen in the United States, and possibly more is pending, involving a much similar state of facts to that which we have here; and considerable litigation of the same nature has arisen in Canada, though so far as I know, none, excepting this case, has so far reached the trial stage. In some of the United States cases to which I have referred the courts have attributed the adoption and use of the infringing mark to the hope of obtaining some business advantage or advertising from the established position of Coca-Cola in the market, at the expense of the producer of Coca-Cola. It puts a great strain upon

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one's credulity to believe that the registration and use of so many of the marks mentioned, in the United States and Canada, in respect of low priced beverages which so often look much alike, was not intended for that purpose. All this could hardly be accidental. I can hardly believe that the many persons adopting as a trade mark, for beverages of the character in question, a compound word, or any two words, comprising either the word "Coca," or the word "Cola," or variants of such words, did not do so with the expectation of reaping some advantage from the wide acquaintance of consumers with Coca-Cola; and variants of registered marks are not usually looked upon with favour by the courts. If one person can do this with immunity, then a thousand may do it, surely an undesirable situation from the public standpoint alone, and one which, in my opinion, only accentuates the inherent weakness of the contention here advanced on behalf of the defendant in respect of the charge of infringement.

Mr. Herridge stated that in the City of Montreal and contiguous areas, the "Cola drinks," as he put it, that is beverages sold under some such name, were extremely popular and that the demand therefor was abnormal. The phrase "Cola drinks" has frequently been employed by defendants in actions for infringement brought by the owners of the mark Coca-Cola, and the purpose is to suggest the idea that "Cola" is descriptive of a well known type of beverage, and hence that no one is entitled to the exclusive use of such a word as or in a trade mark. I shall have occasion to refer to this later. I know from my own experience, in applications for interlocutory restraining orders in infringement actions brought in recent years by the plaintiff, that in the Montreal area several beverages have been produced and put on the market under trade mark names employing one or other of the words "Cola" and "Kola," generally in combination with another word, and it is possible that such beverages are referred to as "Cola drinks"; I might observe that this would go to show a tendency to abbreviate marks, such as those of the plaintiff and defendant here and this I have already referred to. I have no doubt that this has occurred in other areas. If "Cola drinks" are well known or in unusual demand in the Montreal area, or elsewhere,

I am inclined to think that it might more safely be said that this was due to the fact that a considerable section of the consuming public has come to associate "Cola drinks" with the plaintiff's beverage. Any unusual demand for beverages of this character usually begins with a taste or preference developed therefor among consumers, by a first producer who has popularized and made known the same. When I look over all the marks registered or used in Canada, and in the United States, for beverages of the character in question, I am not inclined to think that the registrants or users were really so much distressed over making it certain and clear that their potential patrons would be satisfied that their beverage was made from the exotic "Cola" or "Kola" nut, or flavoured therewith, or that they would get a "Cola drink," as they were to select a name for their beverage that might quickly and cheaply be popularized and made known; and in that state of mind, I think, the selections were made as close to that of the plaintiff's as they respectfully could go. If registrants and users of such marks desired the public to clearly understand that their beverage was meritorious and of their own manufacture, why would they not adopt a wholly new and distinctive trade mark, one that was so entirely free from resemblance to the plaintiff's mark that no one would ever harbour the idea of infringement? Why should all these trade marked beverages follow in the wake of the entry of the plaintiff's beverage on the market, and expand in numbers with the years? To me, all this has a cumulative effect adverse to the defendant's contention, and lends weight to the contention that Pepsi-Cola, and others of such marks were registered and put into use in Canada for the purpose of obtaining some commercial advantage from the long acquaintance of the public with the plaintiff's beverage. My conclusion is that there is infringement here, and that barring other points of defence the plaintiff is entitled to succeed.

The defendant contends that on other grounds the plaintiff cannot succeed in its action for infringement, and these must be considered. It was contended that the plaintiff has so permitted others to use its trade mark that it is now without distinctiveness, and is *publici juris*, and in support of this allegation the defendant's statement

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of defence is accompanied by an exhibit giving the names of over seventy persons, or concerns, bottlers they are called, who were authorized by the plaintiff, it is said, to use its mark. The plaintiff produces a syrup, also called Coca-Cola, to which is added carbonated water in the making of the Coca-Cola beverage, and this is retailed in bottles, or by the glass from soda fountains or like dispensaries. The plaintiff, in some of its plants, manufactures the Coca-Cola beverage which it sells to dealers, in bottles. And it sells to a large number of independent persons, or bottlers, the Coca-Cola syrup from which such persons make the beverage Coca-Cola by adding carbonated water, according to a formula furnished by the plaintiff, and this such persons bottle for sale; such persons, or bottlers, are, I understand, under a contractual obligation to sell the same, the bottles being furnished by the plaintiff, only under the name of "Coca-Cola." This, I assume, would also apply to those who similarly make the same beverage, and dispense it from soda fountains, but of this I am not sure. I do not think that in that state of facts the law supports the contention of the defendant that this practice voids the plaintiff's mark. Such beverages, so bottled, indicate to the public that the plaintiff has assumed responsibility for their character or quality, and they are known to the public as the plaintiff's beverage. This arrangement in the production of an article of this kind is virtually a production by the plaintiff itself, and I do not think that this contention of the defendant is one of substance.

It was urged on behalf of the defendant that the plaintiff's mark is descriptive, and if not descriptive then misdescriptive, and therefore void. Sec. 2 (m) of the Unfair Competition Act enacts that:—

"Trade mark" means a symbol which 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, and/or users of such wares that they have been manufactured, sold, leased or hired by him . . .

Section 26 (1) (c) reads:—

Subject as otherwise provided in this Act, a word mark shall be registrable if it

(c) is not, to an English or French speaking person, clearly descriptive or misdescriptive of the character or quality of the wares in connection with which it is proposed to be used . . .

It is established, I think, that the plaintiff is entitled to the exclusive use of the mark "Coca-Cola," in Canada, and I think it may now be presumed that the plaintiff's mark has become adapted, in Canada, by its long and extensive use by the plaintiff, and its predecessor in business, to distinguish the goods of the plaintiff, and this presumption has not in any way been rebutted, in fact I do not think it has been even put in question. Further, I do not think that the plaintiff's mark is descriptive or misdescriptive. I do not see how it can be said that the compound word "Coca-Cola" is descriptive of the plaintiff's beverage, largely composed of carbonated water, even if it contains a flavouring of Coca leaves or the Kola nut, which indeed has not even been properly established here if it were a vital point. The plaintiff's syrup, "Coca-Cola," is made according to some secret formula, and which was not disclosed. As used, the mark indicates, and has come to mean, merely the name of the beverage manufactured by the plaintiff. It has no other name. As used, I think it is but a coined word mark, and is not "clearly descriptive" of the character of the beverage. I should think that the words comprising the plaintiff's mark were unknown in this country, at least as the name of a beverage, before the plaintiff's predecessor in business came to use the same for that purpose, and I doubt if it would occur to any one that the beverage was made from Coca leaves and the Kola nut both of which products would be unknown to most people in Canada at the date of the adoption of the mark as the name of a beverage. It seems to me that "Coca-Cola" is but a word mark adapted to distinguish a beverage made by the plaintiff, and in the eyes of the general public is meaningless except to distinguish that beverage and its origin, and it is not "clearly descriptive" of the character of the beverage.

This ground of attack against the mark Coca-Cola has frequently been advanced in the courts in the United States, but, so far as I know, without success. I might refer to the case of *Nashville Syrup Company v. Coca-Cola Company* (1), an infringement action brought by the American Coca-Cola Company, the infringing mark being "Fletcher's Coca-Cola," applied to a syrup from which a

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(1) (1914) 215 Fed. Rep. 527.

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beverage was made. In that case it was urged, on appeal from the court of first instance sustaining the charge of infringement, that the mark "Coca-Cola" as applied to a syrup entering into the making of a beverage, was descriptive or misdescriptive, which contention conceivably might be applied with greater force in the case of the application of the mark to the syrup than when applied to the beverage itself. I venture to quote at some length from the judgment of the appellate court in that case, sustaining the finding of infringement in the court below, because I think what was there said may be found of some interest upon the point presently under discussion. The report of this case first states the following facts (p. 528):—

Coca is a South American shrub, from the leaves of which cocaine, among other substances, is obtained; the cola tree grows in Africa, and from its nuts caffeine may be extracted. The use of these leaves and these nuts by the natives in their respective countries and for the supposed stimulating qualities, had long been known in this country, and before 1887 extracts respectively from coca leaves and from cola nuts had found a place in the pharmacopœia. There was little popular knowledge concerning them. The extracts were used only by druggists in compounding medicine. In 1887, Pemberton, an Atlanta druggist, registered in the Patent Office a label for what he called "Coca-Cola Syrup and Extract" The plaintiff below, the Coca-Cola Company, was organized as a corporation in 1892, and acquired Pemberton's formula and label. Since that time, it has continuously manufactured and sold a syrup under the name of "Coca-Cola," and, used as a basis for carbonated drinks, the syrup, under this name, has had a large sale in all parts of the country. In 1893 the Coca-Cola Company (herein called plaintiff) registered the name "Coca-Cola" as a trade-mark, and again in October of 1905, and pursuant to the Act of February 20, 1905, the name was registered by plaintiff as a trade-mark under the 10-year proviso of that Act. Plaintiff enjoyed the exclusive use of the name from 1892 until 1910. In that year, J. D. Fletcher, now the active manager of the Nashville Syrup Company (herein called defendant), became interested with others in the manufacture of a somewhat similar syrup being sold under the name "Murfe's Cola." Later in that year they changed the name of their product to "Murfe's Coca-Cola" and shortly afterwards, Mr. Fletcher became sole owner of the business, and the product was named "Fletcher's Coca-Cola," and has been sold by him and his successor, the Nashville Syrup Company, under that name

The judgment of the court in part states (p. 530):—

The words here involved were, if fairly "descriptive" at all, not purely descriptive. and by 10 years' exclusive use they had become the distinctive appellation of plaintiff's product. To permit defendant to use them in connection with his own name is not to avoid or mitigate the wrong, but is rather an aggravation, because of the false implication that plaintiff has parted with the exclusive right. *Jacobs v. Beecham*, 221 U.S. 263, 272, 31 Sup. Ct. 555, 55 L. Ed. 729

There remains the question whether the mark is deceptive. Defendant does not expressly make this point, but it is so bound up with

the questions of how merely descriptive the words are, and whether the same words as used by the defendant are only the rightful name of its product, that is must be decided

The argument is that the use of the name "Coca-Cola" implies to the public that the syrup is composed mainly or in essential part of the coca leaves and the cola nut; and that this is not true. The fact is that one of the elements in the composition of the syrup is itself a compound made from coca leaves and cola nuts. This element becomes a flavour for the complete syrup, and is said to impart to it aroma and taste characteristic of both. This flavoring element is not in large quantity (less than 2 per cent), but it is impossible to say that it does not have appreciable effect upon the compound. The question then is whether the use of the words is a representation to the public that the syrup contains any more of coca or of cola than it really does contain.

We think it clear that whether the claimed trade-mark is so descriptive of something else as to be deceptive must be decided at the time of adoption. It cannot be that rights once lawfully acquired by exclusive appropriation can be defeated by subsequent progress of public knowledge regarding some other substance of similar name. It is undisputed that during the period shortly after 1892, while this name was coming into public knowledge in connection with plaintiff's product, little or nothing was popularly known about either coca leaves or cola nuts, although existing technical or cyclopedic publications gave information. It is not important whether Pemberton's original form "Coca-Cola Syrup and Extract" was so descriptive as to be deceptive if applied to a compound not composed mainly of these ingredients. The name in which trade-mark rights have been acquired, is the compound name "Coca-Cola," and this name may not, for all purposes, be the same as if it was "Extract of Coca and Cola."

Neither of these words alone had any absolute complete meaning, but when the words were put together to make a compound term, the ambiguity of meaning was intensified. If "coca" was spoken of, the reference might be to the leaves, or to a decoction or to an extract "cola" might refer to the nuts or to a powder or to a paste or a fluid; and so, when the public first saw the name "Coca-Cola," it could not know, as we said in the accompanying case, whether the substance was medicine, food, or drink, or whether it was intended to swallow, smoke, or chew. One who had all the existing available information could only infer that the new substance, whatever it was, had some connection with these two foreign things. The case would be somewhat different if each of the two named elements was itself definite and certain, but neither is. To illustrate by more common substances: Sage is a shrub, used in various ways; the almond is a nut, eaten raw or prepared in numerous methods. The compound name "Sage-Almond" as a label would convey a very indefinite idea, if any, as to what would be found when the package was opened; and, if we assume that "Sage-Almond" turned out to be a drink in connection with which sage leaves and almonds had been used, we have, in this illustration, a close analogy to Coca-Cola; yet this name, applied to a soda fountain beverage, would not deceive the public into supposing that it contained all the virtues of sage tea and all of the nourishment of the almond nut meats. Such an article could honestly enough carry the supposed name "Sage-Almond," and after 20 years' exclusive use of the name it would not still be common property. A newcomer might rightfully sell (e.g) "Sage Tea"

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with "Almond Flavour"; he might not take the peculiar, precise, and really arbitrary compound name.

Plaintiff's counsel say, and so far as we can see accurately say:—

"The use of a compound name does not necessarily indicate that the article to which the name is applied contains the substances whose names make up the compound. Thus, soda water contains no soda; the butternut contains no butter; cream of tartar contains no cream; nor milk of lime any milk. Grape fruit is not the fruit of the grape; nor is bread fruit the fruit of bread; the pineapple is foreign to both the pine and the apple; and the manufactured food known as Grape Nuts contains neither grapes nor nuts"

The court then proceeds to refer to certain authorities referable to the issue there under discussion.

The defendant's Pepsi-Cola is sold in Canada in bottles only, which bottles are considerably larger than those in which the plaintiff's Coca-Cola is sold, and they are of a much different shape, and for those reasons it was contended that the defendant's Pepsi-Cola was not liable to be confused by the public with the plaintiff's Coca-Cola. The issue here relates to a word mark, and the plaintiff's mark was registered as a word mark. The get-up or dress of the bottles or containers in which Coca-Cola or Pepsi-Cola is sold has, I think, nothing whatever to do with the case, and the same is not of importance, I think, in this action. In a passing off action facts of that character might be of relevance and importance but they cannot be, I think, in an action for infringement of a word mark.

The defendant has raised a question regarding the assignment of the registered trade mark "Coca-Cola," from the registered owner to the plaintiff. The Unfair Competition Act states that "no person shall institute proceedings in any court to prevent the infringement of any trade mark unless such trade mark is recorded in the register maintained pursuant to this Act." Registration of an assignment does not, as registration of the mark itself, appear to be a condition precedent to any action for infringement by the assignee. But the want of registration will cast upon the plaintiff in any action the necessity of proving that he was the owner of the mark. The plaintiff company was incorporated in 1923, and it seems to be conceded that the plaintiff shortly thereafter acquired and took over the business and good will of the Canadian business of the parent company. That business has since been carried on by the plaintiff, using always, as did its predecessor, the trade mark "Coca-Cola" in connection

with the manufacture and sale of a beverage. It appears, however, that it was not till 1930 that an assignment in writing of the mark from the parent company was registered by the plaintiff. As I understand it, the point sought to be made is that the written assignment of the mark not being contemporaneous with the transfer of the good will of the business, and that, at the date of the assignment in writing, seven years later, the plaintiff's predecessor having earlier parted with its good will in the business, the registered trade-mark had therefore terminated, and was incapable of valid assignment. The defendant admits in its statement of defence that the plaintiff was registered as the proprietor of the mark but denies that it was "now in full force and effect." It is difficult to say if this were intended to mean that the registration was void because of the allegations which I have just mentioned, or because of other reasons. I do not think I need pause to discuss the construction of this plea. The Unfair Competition Act, s. 44 (2) states that:—

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44 (2). A registered trade-mark shall not be assigned or transmitted except in connection and concurrently with an assignment or transmission of the good will of the business carried on in Canada in association with the wares for which such has been registered, and in any case such trade-mark shall be terminated with such good will; . . .

The language of this provision perhaps fails to express with absolute clarity what I think was no doubt intended. I think this provision of the statute means only to express what always was the law, namely, that a trade mark is assignable only with the good will of a business, and not otherwise. The word "concurrently," which, I think, is surplusage, merely means that an assignment of a trade-mark to be valid must accompany, or be "concurrent" with, the sale, transfer or assignment, of the good will of a business, and that it cannot be made before or after as something apart from, and independent of, the good will of a business. The statute does not say that the assignment must be evidenced by registration of an instrument in writing, although an assignment in writing would, of course, be desirable in establishing title to a mark. The statute can hardly be construed to mean that where a business is sold and transferred to another, and the sale expressly or impliedly includes any trade marks registered and used in association therewith, that an assignment of

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the mark in writing must be made precisely contemporaneous with the sale and transfer of the business itself, and must be contemporaneously registered. I do not think s. 42 (2) means that.

It has been held in England, as stated in Kerly on Trade Marks, 6th Edition, at page 408, that it was not essential that the assignment of a trade mark and the transfer of the good will should be exactly contemporaneous, or that there should be any legal conveyance of the latter if the assignee is equitably entitled to it; it is also stated by the author that where a company sold its trade marks and the good will of its business, but was dissolved without its making any assignment to the purchaser, the equitable owner was registered as the proprietor of the trade marks; and authorities are referred to in support of such propositions. The section of the English Trade Marks Act in force at the date of such authorities was to the effect that a trade mark when registered shall be assigned and transmitted only in connection with the good will of the business concerned, in the particular goods for which it has been registered, and shall be determinable with that good will. In the case of *In Re Welcome's Trade Mark* (1), Chitty J. held that it would be too narrow a construction of that section to read it as if the assignment of the trade marks must be contemporaneous with the assignment of the good will; he said: "That seems to me to be far too narrow a construction to adopt. But the point remains whether there must not have been some assignment of the good will, and an assignment of the good will from the person who is the registered proprietor of the trade mark." There was no suggestion that the assignment had to be registered. I think the meaning and sense of the Canadian statute is the same as that of the English Statute of 1886, notwithstanding the use of the word "concurrent" in the former.

Upon the facts here disclosed, I think, the assignment in writing of the trade mark in question, made and recorded in 1930, long prior to the bringing of this action, is to be treated as a valid assignment made in connection with the assignment of the good will of the business, and as of that date, I can have no doubt but that the plain-

tiff acquired along with the good will of the business the equitable title to the mark in question, and it has used that mark ever since 1923, in connection with the manufacture and sale of a beverage, known only by that mark. I would entertain no doubt but that the plaintiff would succeed in any proceeding brought by it to have the mark registered in its name, if for any cause, an assignment in writing had not been procurable, from its predecessor in business. All equities would be open to it, and might be enforced in like manner as in respect of any other personal property. I am of the opinion therefore that the defendant must fail in respect of this point.

I think I have now discussed all the important points raised by the defence. My conclusion is that the plaintiff's mark is infringed by that of the defendant, and that the plaintiff is entitled to the relief claimed and that the defendant's counter claim should be dismissed. There will be the usual consequence as to costs.

Judgment accordingly.

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 COCA-COLA
 Co OF
 CANADA, LTD.
 v.
 PEPSI-COLA
 Co. OF
 CANADA, LTD.
 Maclean J.