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 *June 11.
 *Oct. 9.

THE PREST-O-LITE COMPANY } APPELLANTS;
 (PLAINTIFFS) }

AND

THE PEOPLE'S GAS SUPPLY } RESPONDENTS.
 COMPANY (DEFENDANTS) }

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA.

Trade-mark—Infringement — Use — Selling marked goods — Covering trade-mark.

The Prest-o-Lite Co. manufacture tanks for storage of acetylene gas and are proprietors of the trade-mark "Prest-o-Lite" which is embossed upon each tank. The People's Gas Supply Co. manufacture acetylene gas and purchase said tanks, charge them with their own gas and sell or exchange them. On the tanks so sold is affixed a label covering said trade-mark, which states that the tank is filled with gas manufactured by The People's Gas Supply Co. This label is of paper affixed to the tank by shellac and can only be removed by scraping with a knife or other instrument. In an action by the Prest-o-Lite Co. for infringement of their trade-mark,

Held, Fitzpatrick C.J. and Duff J. dissenting, that such action must fail; that defendants did all that could reasonably be expected to prevent a prejudicial use of the trade-mark; and that they did not "use" the trade-mark within the meaning of sec. 19 of the "Trade-mark and Design Act."

APPEAL from the judgment of the Exchequer Court of Canada dismissing the plaintiffs' action.

The action was brought for infringement of plaintiffs' trade-mark. The material facts are stated in the above head-note.

The action was dismissed by the Exchequer Court and the following reasons assigned.

CASSELS J.—This action is brought by the plaintiffs to restrain the defendants from infringing the trade-

PRESENT:—Sir Charles Fitzpatrick C.J. and Davies, Idington, Duff and Anglin JJ.

mark of the plaintiffs. The plaintiff company is an incorporated company having its head office at the City of New York, in the State of New York, one of the United States of America. The defendants are an incorporation with their head office at Ottawa, in the Dominion of Canada.

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The contention of the plaintiffs is shortly as follows: Apparently in the United States patents were issued to them which covered not merely the process patent but also the tank in which the product of the process was stored. In Canada the only patent which the plaintiffs have is a patent for the process. There was no patent in Canada protecting the tank.

The Prest-o-Lite Company are manufacturers and distributors of acetylene gas for lighting automobiles and other vehicles. The plaintiffs stores its gas in portable steel cylinders lined with asbestos, which absorbs a quantity of acetone which in turn is saturated with acetylene gas introduced under pressure, the outflow for consumption being valve controlled.

It is conceded that the defendants have by virtue of the second section of chapter 103, of the statutes of 1913, the right to manufacture use or sell the process product in Canada. Their rights in this respect are not contested. It is also conceded by the plaintiffs that the tanks manufactured and sold by them have become the property of the purchasers; and it was stated by Mr. Chrysler, on the argument of the case, that the purchasers might utilize these tanks in any manner in which they chose, provided the trade-mark "Prest-o-Lite" was removed from the tanks. In other words, if it were feasible to remove the trade-mark, plaintiffs concede that the defendants have a perfect right to fill the tank with acetylene manufactured by them and to sell the same.

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The contention, however, is that the defendants have no right to fill the gas into tanks containing the trade-mark of the plaintiffs, and to sell them to others with the trade-mark "Prest-o-Lite" on the tank.

Two classes of cases arise. One is cases in which the purchasers from the Prest-o-Lite Company in the United States take their tanks to the defendants to be refilled. This comprises the larger number of what the plaintiffs contend are infringements of their trade-mark. The other class of cases, is cases in which the defendants purchase the tanks out and out with the name Prest-o-Lite on them, refill them and sell them to others or give them in exchange for empty tanks for a consideration.

The plaintiffs' contention is that the defendants are infringers of their trade-mark.

Since the argument I have gone very carefully through all the authorities cited to me, and numerous other authorities, and have come to the conclusion that the plaintiffs' action fails. The cases are so numerous and the principles so clearly settled that it would be useless labour to comment in detail on these authorities.

It has to be clearly understood that the Exchequer Court has no jurisdiction in what are called "passing off" cases. The jurisdiction is limited purely to questions of infringement of trade-mark. This is conceded by counsel for the plaintiffs. It is also, as I have stated, conceded that the defendants have an absolute right to use the process and sell the product described in the Canadian patent.

It is proved before me clearly that in no case, except one or two of trifling importance, have the defendants ever refilled any of the tanks and let them go from their premises without the word "Prest-o-Lite" being completely covered over.

A notice is posted over the word "Prest-o-Lite" this notice showing on its face that the tank was refilled by the Ottawa Company.

The contention is that the defendants have covered them over with a substance which might be removed by a wrong-doer. In point of fact no evidence has been adduced to shew any such erasures of the covering placed on the tanks by the defendants, and I am not prepared to adopt the reasoning of some of the American authorities cited before me, in which comment is made upon the fact that the wrapper placed over the word "Prest-o-Lite" is capable of being removed.

As I have said, it has to be kept clearly in mind this is not the case of "passing off" or wrongfully attempting to steal the trade of the plaintiffs.

In the cases in the United States it is quite evident that the courts were influenced by the fact that the defendants were endeavouring to steal the plaintiffs' trade.

In one case, the *Searchlight Gas Co. v. Prest-o-Lite Co.* (1), before the Circuit Court of Appeals, Baker J., at page 696, uses the following language:—"Appellee is entitled to have its lifeblood saved from leeches and its nest from cuckoos."

The judges in these cases do dwell upon trademark, but it is so mixed up with the passing off, that evidently from a perusal of these particular cases the court was much influenced by the fraud of the defendants in seeking to rob the plaintiffs of the benefit of their trade. There is nothing in the case before me corresponding in any way to the facts of these cases.

The defendants as far as they can effectually covered the word "Prest-o-Lite" when refilling the tanks, and sending them out of their premises. There is no evi-

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dence whatsoever of any combination between the parties bringing the tanks to be refilled and the defendant company. Under the patent law there may be cases where a defendant may become what is commonly known as a contributory infringer. The term is a misnomer. If the circumstances are such that it is proved the party connives with another to defraud the patentee he becomes an infringer—but to be an infringer he must be a party to inducing another to break a contract or inducing him to infringe a patent. The law on the subject is very fully discussed by the late Mr. Justice Burbidge, in the case of *The Copeland Chatterson Co. v. Hatton* (1). This case was taken to the Supreme Court of Canada, and the judgment of the Exchequer Court was affirmed. The question there discussed was the right of a patentee to enter into a bargain for the use of a patented article. The point of contributory infringement does not seem to have been discussed, but evidently the views of the learned Judge were sustained.

In the case before me there is no pretence whatever of any dealings on the part of the defendants similar to the dealings in the *Copeland Chatterson Case*, (1) referred to. I find no law under the "Trade-mark Acts" which refers to contributory infringement.

It has to be borne in mind that the case before me is not brought for infringement of a patent. Some point is made that some of the tanks which were brought to the defendant or filled by the defendant, had the word "patented" on them. No doubt these were American tanks, and probably very rightly had this stamp upon them. It is of no consequence, and has no bearing as far as I can see on the case before me.

In the Ontario Courts, the case of *Prest-o-Lite*

(1) 10 Ex. C.R. 224.

Co. v. London Engine Supplies Co. (1), came up before Chief Justice Falconbridge. This case was taken to the Court of Appeal. On the appeal the reasons of the Appellate Division are set out in (2) (Dec. 22nd, 1916). As far as the reasons would shew this case rested to a very great extent on passing off. The contention was that there was unfair competition. I have looked at the pleadings in this case, and the claim of the plaintiff was not confined to passing off but the plaintiffs in that action also relied upon the infringements of their trade-mark "Prest-o-Lite."

I am unable to bring my mind to a conclusion, that what the defendants have done, having regard to the circumstances as detailed in the evidence, amounts to an infringement of the plaintiffs' trade-mark. One or two trifling instances have occurred in which the defendants may have sold the tank filled by them without obliterating the name. There is considerable doubt about this. In any event the amount is trifling.

No claim has been pressed that the tanks have not been sold out and out. Any notice such as set out in the defence is a notice under the American patents not in force in Canada.

It was argued by Mr. Sinclair that the word "Prest-o-Lite" is not the subject matter of a trade-mark, but that it became the generic name of the article sold. I cannot agree with this contention. The trade-mark was adopted for use by a company other than the company which had the patents under which the tanks and the compound in question were manufactured. It was the trade-mark first used by a company with another name, this company subsequently changing its corporate name into the name

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(1) 10 Ont. W.N. 454.

(2) 11 Ont. W. N. 225.

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of the Prest-o-Lite Company. It is open to argument that the name may not be susceptible of a valid trade-mark under the principles laid down in the case of *Kirstein v. Cohen* (1). My own personal view is that it is a valid trade-mark and not governed by the principles decided in the *Kirstein Case* (1). It is, however, unnecessary to follow up this line of thought, as after the best consideration I can give to the case I am of the opinion that the plaintiffs are not entitled to succeed for the reasons I have given.

The action is dismissed with costs.

Chrysler K.C. for the appellants. The defendants used the plaintiffs' trade-mark within the meaning of sec. 19 of the Act. See *Bechstein v. Barker* (2); *Monro v. Hunter* (3); *Upmann v. Forester* (4).

Proof that any purchaser from or through defendants was deceived is unnecessary. *Millington v. Fox* (5); *Cellular Clothing Co. v. Maxton* (6); *Boston Rubber Shoe Co. v. Boston Rubber Co.* (7).

See also *Gannert v. Rupert* (8); *Prest-o-Lite Co. v. Davis* (9), at page 350; *Prest-o-Lite Co. v. Searchlight* (10).

R. V. Sinclair K.C. for the respondents. The tanks bought from appellants became the property of the defendants who can fill and sell them with the trade-mark on so long as the purchaser is not deceived. *Welch v. Knott* (11); *Prest-o-Lite Co. v. Auto Acetylene Co.* (12); Kerly on Trade-marks (2 ed.) p. 369; *Barret v. Gomm* (13); and *United Tobacco Cos. v. Crook* (14), were also referred to.

(1) 39 Can. S.C.R. 286.

(2) 27 Cut. P.C. 484.

(3) 21 Cut. P.C. 296.

(4) 24 Ch. D. 231.

(5) 3 Mylne & C. 338.

(6) [1899] A.C. 326.

(7) 32 Can. S.C.R. 315.

(8) 127 Fed. R. 962.

(9) 215 Fed. R. 343.

(10) 215 Fed. R. 692.

(11) 4 K. & J. 747.

(12) 191 Fed. R. 90.

(13) 74 L.T. Jour 388.

(14) 25 Cape G.H.S.C. 343.

THE CHIEF JUSTICE (dissenting).—The case is unusual in that the tanks in respect of which the claim for infringement of trade-mark is brought, are not only things of intrinsic value but of themselves of far more value than their contents, whilst most, at any rate, of the decisions in similar cases deal with vessels or containers of little or no value in themselves, such as aerated water bottles with the trade-mark of the maker of the water embossed or blown in the glass. The difference does not, however, affect the principles on which the case turns.

Two classes of cases arise. One is that in which the individual owner of the tank takes it to be refilled. This he has a perfect right to do and the respondents putting their label over the trade-mark are justified in refilling it. No one can be deceived here and the respondents cannot be said to be using the trade-mark in disposing of their goods. The other class comprises the transactions in which the respondents purchase the tanks and refill and sell or give them in exchange for empty tanks for a consideration, which is the same thing, the empty tank being only part of the consideration given; and also those in which they refill tanks for owners of garages who dispose of them in a similar way to those making use of their establishments. The cases in this latter class constitute, I think, an infringement of the trade-mark.

It is well established that regard must be had to the possibility of the ultimate purchaser being deceived and such deception will be restrained even though the original purchaser is not deceived.

No man is entitled to represent his goods as being the goods of another man, and no man is permitted to use any mark, sign or symbol, device, or other means, whereby, without making a direct false representation himself to a purchaser who purchases from him, he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer.

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Per James L.J. in Singer Manufacturing Co. v. Loog (1); adopted by Lord Macnaghten in *Reddaway v. Banham* (2).

If a man does that, the natural consequence of which (although it does not deceive the person with whom he deals, and is therefore no misrepresentation to him) is to enable that other person to deceive and pass off his goods as somebody else's, for that he is answerable.

Per Cotton L.J. in Singer Mfg. Co. v. Loog (1) at page 422.

It is clear that when the respondents sell the tanks which they have purchased and refilled to keepers of garages or others, particularly dealers, of course, or fill them for such persons they put it out of their own power to answer for the ultimate purchaser not being deceived as to the goods he is purchasing bearing the appellants' trade-mark.

In this connection it is insufficient that the respondents place their own label over the trade-mark. It was held by North J., in *Allan v. Richards* (3), that:

If the defendant chose to buy second hand bottles bearing a trade-name and fill them with the same liquid as the owner of the name was in the habit of filling them with, the defendant was not in a position to resist an injunction if applied for. The affixing of the defendant's own label did not affect the question, for the label might get removed in a variety of likely ways, for instance, if the bottles were plunged in ice. If the label under such circumstances were to come off, there would be nothing to prevent the public from believing they were purchasing in the bottles stamped with the plaintiff's name ginger beer manufactured by the plaintiff. The injunction must therefore be granted.

But even if the putting on of the respondents' label were to be considered sufficient in the case of a sale to an individual it affords no guarantee whatever in the case of dealings with dealers who might well systematically remove the labels before selling the tanks to the ultimate purchasers.

(1) 18 Ch. D. 395 at p. 412.

(2) [1896] A.C. 199.

(3) 26 Sol. J. 658.

In my opinion, however, the practice of buying up the appellants' tanks and refilling them for sale is unfair to them in any case. Let us suppose that the tanks were refilled with an inferior quality of gas; that I dare say is not the case in the present instance but it might well be so in others; it would be very injurious to the reputation of the appellants' tanks that a number of them should be about filled with a gas that could not be relied on; the public cannot be supposed to know the explanation of the difference between the tanks as originally filled and those same tanks still bearing the trade-mark but refilled either improperly or with an inferior gas by some other firm.

In the judgment appealed from it is said that

the cases in which the purchasers from the Prest-o-Lite Company in the United States take their tanks to the defendants to be refilled comprise the larger number of what the plaintiffs (appellants) contend are infringements of their trade-mark.

If this is not meant to include dealers there is a dispute as to the facts because the appellants in their factum say,

according to the evidence the greater number of transactions are between the respondent company and the dealers.

It is unnecessary, however, to go into the evidence on this point as the case should, in my opinion, go back to the Exchequer Court for re-consideration and determination upon the principle above indicated.

DAVIES J.—For the reasons given by Mr. Justice Sir Walter Cassels in the Exchequer Court I am of opinion that this appeal should be dismissed with costs.

IDINGTON J.—The appellant complains that its trade-mark, duly registered, and engraved upon tanks which it has sold without restriction as to their future

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use, has been infringed by the respondent refilling same for the respective owners thereof with its acetylene and charging therefor, or by exchanging the like tanks (which it had duly acquired) after filling same with acetylene for others brought to it empty.

Stress is laid in argument upon the fact that the tanks in question bore the engraving of appellant's trade-mark although that was carefully covered over by something intended to hide it which had an inscription thereon declaring the fact of the refilling having been effected with acetone and acetylene of the respondent's manufacture.

Is it conceivable that any one would attempt the maintenance of such an action if, for example, alcohol or buttermilk had been used instead of gas for refilling such a tank merely as a convenient vessel for carrying such or the like materials upon sale thereof?

I suggest such an improbable contention merely to illustrate and make clear the issue raised.

The nature of the offence against both law and honest dealing has to be considered in applying the "Trade-mark and Designs Act" which was enacted to furnish those concerned with a more efficient remedy against transgressors in that regard than had been obtainable at common law or in equity.

The action rests upon section 19 of the Act, which is as follows:—

19. An action or suit may be maintained by any proprietor of a trade-mark against any person who uses the registered trade-mark of such proprietor or any fraudulent imitation thereof, or who sells any article bearing such trade-mark, or any imitation thereof, or contained in any package of such proprietor or purporting to be his, contrary to the provisions of this Act.

It seems to me impossible to hold, under the facts in evidence and in face of the express declaration inscribed on the label used in such transaction by

respondents, which could not escape a purchaser's notice, that there was any use by it of appellants' trade-mark. It is not pretended there was "any fraudulent imitation thereof."

It is conceivable that if the label had been shewn to be of a kind easily removed by accident or design and the transactions were of such goods for the purpose of resale, then the case might have been brought within the principle enunciated by Lord Westbury in *Edelsten v. Edelsten* (1), at page 199.

There are many ways in which to my mind, by subterfuges such as are not supported herein by evidence or pretended in argument to exist, that the respondents might have executed the like transactions to those in question herein in such ways and manners as to offend against the Act. We need not speculate regarding these possibilities but simply say on the particular facts presented herein and arguments presented, that there has been no offence against the provisions of the Act of such a kind as to support this action, and therefore the appeal should be dismissed with costs.

DUFF J. (dissenting)—I think this appeal should be allowed. There was, I think, by the respondent a "use" of the trade-mark and I think it cannot be denied that the cylinders bore the trade-mark within the meaning of the statute.

The key to the solution of the question presented seems to be this: The fact that the cylinders handed out by the respondent company in exchange for others were complete Prest-o-Lite cylinders exchangeable at the Prest-o-Lite agencies and capable of identification as such, can by no means be regarded as a negligible

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(1) 1 DeG. J. & S. 185.

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circumstance in this trading that the respondent company carries on. One must ask one's self the question: Would the customers of the respondent company accept cylinders which, being minus the trade-mark, would not be exchangeable at the Prest-o-Lite Company's agencies? To ask that question is to answer it. The trade-mark is not obliterated, it is not intended to be obliterated; the device resorted to deceives nobody, is intended to deceive nobody and would defeat its purpose if it deceived anybody. The cylinder bears the trade-mark, is known to bear the trade-mark and has its value largely because it bears the trade-mark, and the trade-mark is used in that sense and is, I think, within the meaning of the statute. The appellant company is entitled to succeed.

ANGLIN J.—After consideration of the numerous cases cited at bar I am, with respect, of the opinion that the judgment in appeal is right and should be upheld. There is direct and irreconcilable conflict between United States authorities, such as *Prest-o-Lite Co. v. Heiden* (1), and *Searchlight Gas Co. v. Prest-o-Lite Co.* (2), and such English cases as *Welch v. Knott* (3).

The defendants completely covered the plaintiffs' trade-mark on each tank filled by them with an adhesive label, which stated in conspicuous characters that the tank had been refilled by them. This label was so securely fastened to the metal case with shellac that it was not removable by water and could only be taken off deliberately by scraping with a knife or other instrument; *Barrett v. Gomm* (4). The defendants did all that they could reasonably be expected

(1) 219 Fed. R. 845.

(2) 215 Fed. R. 692.

(3) 4 K. & J. 747.

(4) 74 L.T. Jour. 388.

to do to prevent any use of the trade-mark prejudicial to the plaintiffs. The tanks when they left their hands could have deceived nobody. They cannot be held responsible for any fraudulent removal of labels, so carefully designed and attached, by persons subsequently handling the tanks. There is no evidence of any such removal in the record. The case at bar is clearly distinguishable from *Rose v. Loftus* (1), and *Thwaites v. McEvilly* (2), where the embossed names of the plaintiffs were not covered by the labels pasted on the necks of the bottles, which were, moreover, easily removable. The bottles as sent out by the defendants in those cases might readily be sold as containing the plaintiffs' goods. I agree with the views expressed by Hopley J. in *United Tobacco Cos. v. Crook* (3), cited by counsel for the respondent.

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Appeal dismissed with costs.

Solicitors for the appellants: *Chrysler & Higgerty*.*

Solicitor for the respondents: *R. V. Sinclair*.

(1) 47 L.J. Ch. 576.

(2) [1904] 1 Ir. R. 310.

(3) 25 Cape G.H.S.C. 343.