

THE PROCTOR & GAMBLE COM-
 PANY OF CANADA LIMITED } APPELLANT;
 (PETITIONER)

1943

*March 2.

*June 29.

AND

LEHAVE CREAMERY COMPANY LIM-
 ITED (RESPONDENT) } RESPONDENT.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

Trade marks—Application to expunge from Register the words “White Clover” as applied to “butter”, in view of prior registration of same words as applied to “hydrogenated cottonseed and vegetable oils”—Question whether, on the evidence, the wares are “similar” within ss. 2 (l) and 26 (1) (f) of The Unfair Competition Act, 1932 (Dom.)—Summary procedure under ss. 52, 54, of said Act.

*PRESENT:—Duff C.J. and Rinfret, Davis, Kerwin and Taschereau JJ.

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In the Register of Trade Marks, appellant in 1934 caused to be registered the words "White Clover" as applied to hydrogenated cottonseed and vegetable oils (which are used for shortening in baking); and respondent in 1941 caused to be registered the same words as applied to butter. Appellant applied to the Exchequer Court under s. 52 of *The Unfair Competition Act, 1932* (Dom.) to have respondent's words expunged from the Register. The application was heard and determined on evidence adduced by affidavits (under s. 54 of said Act) and exhibits filed. In the Exchequer Court, Maclean J. dismissed the application, holding that the two products were quite different things, that primarily they were made and sold for different purposes or uses, that upon the evidence there was no probability of, and no evidence of, confusion, and that the use of the mark by respondent to indicate butter produced by it was not at all likely to cause purchasers to think that such butter was produced for sale by appellant. On appeal to this Court:

Held (The Chief Justice and Davis J. dissenting): The appeal should be allowed and appellant's application granted. Though the constituent elements, and appearance, of the two wares are entirely different, yet it was proved that they are dealt in by wholesale and retail grocers and in stores of the latter very often appear alongside each other; both are purchased by the general public and butter is used for shortening, though, in view of the difference in price, possibly not to the extent suggested by appellant. A consideration of all the evidence leads to the conclusion that retail grocers would infer that appellant, who had for some years put out shortening under the name "White Clover", had manufactured butter sold under the same name; and though the wrappers on the two wares indicate clearly the names of the respective manufacturers, and particularly careful purchasers might examine the wrapper to ascertain the manufacturer, yet the two wares are so associated with each other as to cause the great majority of the purchasing public to infer that the same person assumed responsibility for their character and quality. Therefore the wares are "similar" within the definition in s. 2 (1) and the meaning in s. 26 (f) of said Act.

The Chief Justice (dissenting) agreed with the conclusion in the Exchequer Court and concurred with the observations in this Court of Davis J. (dissenting).

Per Davis J. (dissenting): Opinion expressed that the summary procedure under said ss. 52 and 54 was never intended to be used in cases such as this, where substantial issues of fact might lie at the very foundation of the right to the relief sought. Quite apart from the procedure taken, the findings of the trial judge were such that this Court would not be justified in interfering with his judgment dismissing appellant's application.

APPEAL from the judgment of Maclean J., late President of the Exchequer Court of Canada (1), dismissing the present appellant's application for an order expunging from the Register of Trade Marks the words "White Clover" which the respondent had caused to be registered

on November 1, 1941, as applied to butter; the appellant having caused to be registered on August 1, 1934, the words "White Clover" as applied to hydrogenated cottonseed and vegetable oils. The application to the Exchequer Court was made under s. 52 of *The Unfair Competition Act, 1932* (Dom., 22-23 Geo. V, c. 38) and was heard and determined summarily on evidence adduced by affidavits (under s. 54 of said Act) and exhibits filed.

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O. M. Biggar K.C. and *C. Robinson* for the appellant.

E. H. Charleson for the respondent.

The CHIEF JUSTICE (dissenting).—I agree with the conclusion of the learned President of the Exchequer Court.

I also concur with the observations of Mr. Justice Davis in his judgment.

The appeal should be dismissed with costs.

The judgment of Rinfret, Kerwin and Taschereau JJ. (the majority of the Court) was delivered by

KERWIN J.—On August 1st, 1934, the appellant caused to be registered in the register of trade marks the mark "White Clover" as applied to hydrogenated cottonseed and vegetable oils. These oils are solid lard-like products which are used for shortening in baking. On November 1st, 1941, the respondent, which manufactures and sells creamery butter in Nova Scotia, caused to be registered the same mark "White Clover" as applied to butter.

In May, 1942, the appellant applied to the Exchequer Court, under subsection 1 of section 52 of *The Unfair Competition Act, 1932*, for an order expunging this last-mentioned entry from the register. It is contended that the respondent's mark was never properly registrable and that the entry complained of does not accurately express or define the respondent's existing rights. The relevant provisions of the Act are:—

2. In this Act, unless the context otherwise requires:—

(1) "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

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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;

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

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

52. (1) The Exchequer Court of Canada shall have jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of such application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

The material filed by the appellant shows that the appellant has sold its shortening in Canada under its registered mark since the year 1934 and that in the years 1939, 1940 and 1941 the sales of its product under that mark averaged over one million pounds annually, fifty per cent. of such sales having been made in small household packages through the retail trade for domestic consumption. It is alleged that butter and hydrogenated cottonseed and vegetable oils have similar characteristics and are sold in the same shops and used by the same classes of persons. Edward J. Gouett, the manager of a wholesale grocery company in Ottawa, who had also been for fourteen years manager of the Sault Ste. Marie (Ontario) branch of another wholesale grocery company, states in an affidavit that he has been familiar for some time with the appellant's shortening under the name "White Clover"; that his company distributes it quite widely to retail stores in the Ottawa area; that while, by exception, his branch does not handle butter as well as shortening, all the other branches of his company do so, and that, in his experience, this is the usual practice of wholesale grocery companies; that it is by no means unusual for shortening and butter to be put out by the same producer,—that being true, for example, of Swift Canadian Company, Limited, and Canada Packers Limited; that one of the important purposes for which butter is used by the ultimate consumer is for shortening; that if he saw the name "White Clover" on butter, he would infer that the butter was a product of the appellant; and that he believed that the use of the name "White Clover" on butter, by any one other than the

appellant, would cause confusion in the trade and would be likely to cause the purchasers to think that the butter was put out by the appellant.

There are four other affidavits filed by the appellant, each made by a retail grocer in or near Ottawa, in which the affiant states that he has been familiar for some time with the shortening put out by the appellant under the name "White Clover" and that he has sold it in his store in one-pound packages; that he also sells butter in his store in one-pound packages of a size and shape similar to those used for shortening and normally displayed at the same counter, usually alongside the shortening; that, if he saw the name "White Clover" on butter, he would infer that the butter was a product of the appellant; and that in his belief the use of the name "White Clover" on butter, by any one other than the appellant, would cause confusion in the trade and would be likely to cause the purchasers to think that the butter was put out by the appellant.

On behalf of the respondent, an affidavit was filed by Mr. Gillingham, its President and Manager. From it and the regulations issued under the Dominion *Food and Drugs Act*, R.S.C. 1927, chapter 76, it appears that butter consists of milk fat minimum eighty per cent., water sixteen per cent. maximum, and usually contains salt and a small percentage of casein, which is a normal constituent of milk; and that cottonseed oil is the oil obtained from the seeds of cotton plants and subject to refining processes. Shortening, other than butter, lard or lard compound, is a combination of edible animal or vegetable fats, or edible oils, variously processed by hydrogenation or otherwise.

It is stated in the affidavit that hydrogenated cottonseed oil, as used for shortening, cannot be mistaken for butter as it is almost white in colour, while butter is coloured, and the flavour and composition are different; that hydrogenated cottonseed oil with colouring matter added resembles butter and is a type of oleomargarine, the sale of which is not permitted in Canada; and that butter is more expensive than hydrogenated cottonseed oil and is used to a very slight extent as shortening.

One paragraph in the affidavit, by adapting the provisions of clause (1) of section 2 of the Act, negatives in general terms the existence of the three reasons, for any

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one of which the two articles would, if in the same area they contemporaneously bore the mark "White Clover", 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. That, of course, is the very point to be determined in these proceedings,—the onus being upon the appellant to satisfy the Court that the respondent's mark should be expunged.

While it is shown that the butter of the respondent is sold in Nova Scotia, there is no evidence of the extent of the respondent's sales. On the other hand, it appears that the appellant has a very real and substantial business in the Dominion of Canada and has built up a valuable goodwill in connection with the sale of its product under its mark "White Clover".

The three reasons referred to above and set forth in clause (1) of section 2 are: (1) the common characteristics of the wares, (2) the correspondence of the classes of persons by whom they are ordinarily dealt in or used, and (3) the manner or circumstances of their use.

As to (1), the constituent elements, as well as the appearance, of butter and hydrogenated cottonseed oil are entirely different, so that the first reason need not be further considered. However, as to (2) and (3), it is proved that the articles are dealt in by wholesale and retail grocers, and in the stores of the latter very often appear alongside of each other; both are purchased by the general public and butter is used for shortening although, in view of the difference in price, possibly not to the extent suggested by the appellant.

From a consideration of all the evidence, I am of opinion that retail grocers would infer that the appellant, who had for some years put out shortening under the name "White Clover", had manufactured butter sold under the same name. The wrappers on the two articles indicate clearly the names of the respective manufacturers and it may be that particularly careful housewives or other purchasers of shortening and butter would examine the wrappers to ascertain who were the manufacturers; but the two articles are so associated with each other as to cause the great majority of the purchasing public to infer that the same person assumed responsibility for their character and quality.

The appeal should be allowed and the application granted, with costs throughout.

DAVIS J. (dissenting).—The appellant, a Dominion company, is the registered owner of a word mark "White Clover", for "hydrogenated cottonseed and vegetable oils." No distinguishing guise or design is associated with the ordinary words "White Clover"—it is a word mark *simpliciter*. The respondent, a Nova Scotia company, is also the registered owner of a similar word mark, by later registration, for "butter".

The appellant took proceedings in the Exchequer Court against the respondent under sec. 52 of *The Unfair Competition Act, 1932*, to have the respondent's mark expunged from the Register.

Maclean J., the late President of the Exchequer Court, dismissed the application and I set out below his reasons for judgment in full:

It seems to me quite clear that the product of the petitioner, hydrogenated cottonseed and vegetable oils, popularly known as "shortening", and the product of the respondent, "butter", are quite different things altogether. Primarily, they are made and sold for different purposes or uses, which I have no doubt the public quite clearly understand, and I cannot believe, at least upon the evidence before me, that there is any probability of confusion on the part of the purchasing public or anybody else, arising from each of the parties here using the mark "White Clover", and there is no evidence of such confusion. Nor do I think that the use of the trade mark "White Clover" by the respondent to indicate butter produced by it is at all likely to cause purchasers to think that such butter was produced for sale by the petitioner, for use as "Shortening" or otherwise, and this appears to be the main point raised in this application to expunge the respondent's mark. It is altogether immaterial, I think, that butter may be used as "Shortening". In any event, upon the material before me, I can see no grounds for granting the petition and I dismiss it with costs.

The application was heard and determined summarily on evidence adduced by affidavits as permitted by sec. 54 in a proper application under said sec. 52 of *The Unfair Competition Act, 1932*, which section reads as follows:

52. (1) The Exchequer Court of Canada shall have jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of such application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

(2) No person shall be entitled to institute under this section any proceeding calling into question any decision given by the Registrar of which such person had express notice and from which he had a right to appeal.

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I do not think that this summary procedure was ever intended to be used in cases such as this where substantial issues of fact may lie at the very foundation of the right to the relief sought. That is what I think the late President had in mind when in his judgment he used the phrases "at least upon the evidence before me" and "upon the material before me".

But the application was so heard and determined, apparently without objection. Quite apart from the procedure taken, the findings of the trial judge are such that this Court would not be justified, in my opinion, in interfering with the judgment whereby the appellant's application to have the respondent's mark expunged from the Register was dismissed.

I should dismiss the appeal with costs.

Appeal allowed with costs.

Solicitors for the appellant: *Smart & Biggar.*

Solicitor for the respondent: *J. G. A. Robertson.*
