1931
*Nov. 20.
1932
*Feb. 2.

ALBERT BERTRAND AND LOUIS V. LABELLE (PLAINTIFFS) ..... } APPELLANTS;

AND

EMILE WARRÉ AND LA COMPAGNIE DES REMÈDES DE L'ABBÉ WARRÉ LIMITÉE, AND V. LAMARRE AND A. LAMARRE IN THEIR CAPACITY AS TRUSTEES IN BANKRUPTCY OF THE DEFENDANT LA COMPAGNIE DES REMÈDES DE L'ABBÉ WARRÉ LIMITÉE (DEFENDANTS) ..... } RESPONDENTS.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

Exchequer Court—Jurisdiction—Nature of claim—Relief—Trade-mark—Copyright

Held, that, although in this action plaintiffs claimed relief (expunging registration of trade-mark, injunction restraining use of trade-mark, damages for infringement of copyright and injunction restraining further infringement, etc.) in the nature of what, ordinarily and in a proper case, it would be within the province of the Exchequer Court to grant, yet they had not made out a case in which that court had jurisdiction to interfere. In support of their claim they relied exclusively on an agreement between them and the defendant W. and its alleged effect in preventing W. from entering into similar agreements with other persons for the territory covered; and that agreement (which was interpreted by this Court in *Warré* v. *Bertrand et al.*, [1929] Can. S.C.R. 303) was one, not in respect of a trade-mark or copyright, but in respect of the sale of goods; any reference therein to a trade-mark or copyright being only accessory and not carrying the meaning alleged by plaintiffs. There was nothing in the agreement to take away from W. the right to register any acceptable trade-mark for distinguishing his products, nor did plaintiffs allege or show anything of a nature to establish that, by force of any provision of the *Trade Mark and Design Act,* the registration complained of should have been refused or should now be expunged, nor did anything in the record support their alternative claim for expunging any entries relating to assignment of the trade-mark. As to copyright: plaintiffs were, at best, W's grantees of an interest in a copyright; their grant had not been registered; their action was one for infringement under the *Copyright Act;* and under that Act (now R.S.C., 1927, c. 32, s. 40 (3)), their grant not having been registered, they were precluded from maintaining the action (*Canadian Performing Right Soc. Ltd.* v. *Famous Players Canadian Corp. Ltd.*, [1929] A.C. 456). Plaintiffs' action was rightly dismissed by the Exchequer Court; their claim being one for the provincial courts.

*PRESENT: Anglin C.J.C. and Rinfret, Lamont, Smith and Cannon JJ.

APPEAL by the plaintiffs (by leave granted by a judge of this Court) from the judgment of Audette J., in the Exchequer Court of Canada, dismissing their action.

The plaintiffs alleged an agreement in writing made in 1922, whereby the defendant Warré constituted them his sole representatives in Canada and the United States for a period of twenty years for the sale of vegetable remedies manufactured by him, which they were to buy from him at certain specified prices, and also authorized them to effect the copyright registration of a book written by him called " La Santé par les Plantes," and to prepare and publish an English translation thereof, and to cause to be registered as trade-marks, if plaintiffs so desired, the name " Les Warrecures-Canada " and the word " Warrecures " (such names were, however, not registered or used). The plaintiffs further alleged that they duly entered on the performance of the agreement, sold considerable quantities of said defendant's products in Canada and the United States, and caused said book to be registered under *The Copyright Act, 1921*. They complained that, in breach of the agreement, the said defendant, in or about the year 1926, made an agreement with one Godbout, carrying on business in his own name or as " La Compagnie des Remèdes de l'Abbé Warré," by which Godbout or said company were appointed to act as agents for said defendant in Canada and the United States and were furnished by said defendant with the products of his manufacture, which Godbout or the company sold as agents and representatives of said defendant, with full knowledge of said defendant's agreement with plaintiffs; that Godbout had caused to be registered on said defendant's behalf a certain trade-mark (a photograph of said defendant, in a certain setting, with his signature) to be used in connection with the sale of vegetable remedies; and that said defendant had sold his copyright in said book to Godbout, acting for and in the name of said company, and had assigned to him or said company the said trade-mark; that subsequently Godbout or the company assigned the copyright and the trade-mark to La Compagnie des Remèdes de l'Abbé Warré Limitée, which is the defendant company; that the said defendant company had continued, with full knowledge of the agreement between plaintiffs and the defendant Warré, to act as agent for the sale of defend-

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ant Warré's products, had distributed the book and a translation, and had used the said trade-mark, all with the approval and consent of the defendant Warré.

The plaintiffs claimed: an order expunging the trade-mark registration, or, in the alternative, expunging the entries relating to the assignment thereof to the defendant company, and directing the correction of the register by vesting the trade-mark in the plaintiffs; damages for the infringement of the plaintiffs' copyright; an injunction restraining defendant from further infringing said copyright or making use of said trade-mark or any mark indicating that the goods sold by it were the products of the defendant Warré; and an injunction restraining the defendant Warré from selling or delivering any of his products to his co-defendant.

The agreement between the plaintiffs and the defendant Warré has been dealt with in a previous judgment of this Court (1).

The present action was dismissed in the Exchequer Court, the judgment being given orally. On this appeal, there was some dispute as to the interpretation of the judgment with regard to its grounds for disposal of the case. The appellants contended that the ground of the dismissal of the action was that the Exchequer Court was without jurisdiction, the granting of any relief being within the exclusive jurisdiction of the provincial court, and that the sole question for determination on this appeal was whether the action was one in which the Exchequer Court had jurisdiction to afford to plaintiffs any of the relief prayed for; and they submitted that, in his ground of dismissal, the trial judge was wrong, and they asked that the action should be remitted to the Exchequer Court for trial.

By the judgment of this Court, now reported, the appeal was dismissed with costs.

O. M. Biggar K.C. for the appellants.

Gregor Barclay K.C. for the respondents.

ANGLIN C.J.C.—While concurring in the conclusions of my brother Rinfret and, speaking generally, in his reasons therefor, my inability at present exhaustively to consider

(1) [1929] Can. S.C.R. 303.

all the questions he has raised prevents my giving an unqualified concurrence in all his reasons for judgment.

The judgment of Rinfret, Lamont, Smith and Cannon JJ. was delivered by

RINFRET J.—The conclusions of the statement of claim in this action are for:

1. An order expunging the registration of a certain trade-mark or, in the alternative, expunging the entries relating to the assignment thereof and directing the correction of the register by vesting the trade-mark in the appellants; an injunction restraining the respondents from making use of the said trade-mark or of any mark indicating that the goods sold by them are the products of the respondent Warré; and an injunction restraining the respondent Warré from selling or delivering any of his products to the other respondent;

2. Damages for the infringement of a copyright and an injunction restraining the respondents from further infringing the said copyright.

There would seem to be little doubt that, with the exception perhaps of the prayer for an injunction restraining the sale or delivery of the products, these conclusions are in the nature of those which, ordinarily and in a proper case, it would be well within the province of the Exchequer Court to grant.

At first sight, the judgment *a quo* appeared to have dismissed the action entirely upon the ground that the Court was without "power and jurisdiction" in the premises. Such was the appellants' contention; and it was for that reason that leave to appeal had been granted.

At the hearing, counsel for the appellants again argued that the sole question for determination was whether the action was one in which the Exchequer Court had jurisdiction to afford to them any of the relief prayed for; but counsel for the respondents showed that the language of the judgment was susceptible of another construction. He pointed out that even the slightest difference in punctuation brought about a different meaning in the judgment—a consideration not without its importance in view of the fact that the decision was delivered orally.

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Now that we have had the opportunity of examining the whole record, we have no doubt that the judgment, read in the light of the discussion between court and counsel throughout the trial, must be interpreted as having disposed of the case upon the merits, so far at least as concerned the prayer with regard to the trade-mark. Our reasons for that conclusion will be developed as we proceed.

There was no limitation in the order granting leave to appeal. All questions affecting the judgment can therefore be discussed by the parties and may now be considered (*A. R. Williams Machinery Co. Ltd.* v. *Moore* (1)).

The appellants' case was submitted as follows:

They alleged a certain agreement made between them and the respondent Warré, in the months of October and November, 1922, in respect to the purchase of vegetable remedies manufactured by Warré, to a book called " La santé par les plantes " relating to such products and prepared by Warré, and to the exclusive right to sell the products in a defined territory. They further alleged that the agreement was made for a period of twenty years and contained certain provisions with regard to the copyright of the book and the registration as trade-marks, if they so desired, of the words: "Les Warrecures-Canada" and "Warrecures."

The complaint was that, " notwithstanding the said agreement and in breach thereof," in or about the year 1926, the respondent had made another similar agreement with one Godbout, " carrying on business in his own name or as ' La Compagnie des Remèdes de l'abbé Warré, ' " who had entered on the performance of this new contract " with full knowledge of the (respondent) Warré's agreement with the (appellants)"; that Godbout had caused to be registered on behalf of the respondent Warré a certain trade-mark to be used in connection with the sale of the vegetable remedies, and that l'Abbé Warré had sold his copyright in the book " La santé " to Godbout and had assigned to him the registered trade-mark. In turn, on the 14th of September, 1928, so it was stated, Godbout or his firm had turned over the copyright and the trade-mark to a joint stock company known as " La Compagnie des Remèdes de l'Abbé Warré Limitée," which was joined as defendant.

(1) [1926] Can. S.C.R. 692, at 705.

At the trial, the appellants contented themselves with filing a copy of their agreement with l'Abbé Warré, a copy of the trade-mark registered by Godbout in the name of l'Abbé Warré with the certificates of assignments thereof, and a certificate of the copyright for the book "La Santé" registered in the name of Albert Bertrand. Their counsel then stated that he would stay his case there and leave the rest for argument. No other evidence, either verbal or in writing, was adduced, not even the contract between l'Abbé Warré and Godbout.

It will thus be realized that, in support of the conclusions they took in their statement of claim, the appellants relied exclusively on the strength of the agreement of 1922 between them and l'Abbé Warré, and its possible effect in preventing the latter from entering, with other parties, into similar agreements for the territory therein covered.

Of the particular contracts complained of we know nothing, except what may be inferred from the admissions contained in the statements of defence; and there is no evidence to show that, at the time they were entered into, the other contracting parties had any knowledge of the existence of the agreement between l'Abbé Warré and the appellants.

Now, if we turn to the agreement so relied upon by the appellants as the sole basis of their claim, we find that it has already received judicial interpretation by this court in a case where the Abbé Warré was the appellant and the present appellants were the respondents (1). The unanimous judgment of the court was delivered by Mignault J., who said:

D'après ce contrat, il est convenu que les intimés achèteront au comptant, et en quantités pour au moins 1,000 francs l'achat simple, les produits de l'appelant aux prix stipulés dans une lettre de ce dernier. Ils achèteront également au comptant et en lots à leur convenance le livre "La Santé" publié par l'appelant, et cela aux prix mentionnés dans la même lettre. Enfin, ils s'engagent à dépenser en publicité, annonces, etc., au moins $1,000 par année, à commencer un an après la signature du contrat.

De son côté, l'appelant nomme les intimés ses agents, représentants et dépositaires exclusifs pour la vente de ses produits pour tout le Canada et les Etats-Unis, durant vingt années à compter de la signature du contrat. Il les autorise à faire enregistrer au Canada et aux Etats-Unis le livre "La Santé", à en faire publier une traduction anglaise, et à se

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servir pour toutes fins commerciales et enregistrer comme raison sociale le nom "les Warrécures-Canada", de même que le mot "Warrécures" pour toutes autres fins de publicité.

* * *

* * * Le contrat en question est d'un type bien connu en ce pays. Il comporte le droit exclusif, dans le Canada et les Etats-Unis, de vendre les produits de l'appelant que les intimés doivent acheter de lui en quantités représentant au moins 1,000 francs la commande. Les marchandises que les intimés achètent et qu'ils paient comptant avant l'expédition leur appartiennent. Ils les vendent comme ils le veulent et n'en sont pas comptables envers l'appelant. La clause qui les nomme les agents et représentants de ce dernier, n'est un mandat que de nom, car les intimés ne gèrent aucune affaire pour l'appelant (art. 1701 C.C., définition du mandat), et malgré que la clause dise que les intimés sont les agents de l'Abbé Warré pour la vente de ses produits, ils ne peuvent obtenir ces produits qu'en les payant d'avance, et alors c'est leur propre marchandise qu'ils vendent.

In that case, l'Abbé Warré sought the annulment of the agreement upon the alleged failure of the appellants to carry out its terms. The court held that the contract was not revokable at the sole will of l'Abbé Warré; and, having found otherwise that no default was proven on the part of the present appellants, it dismissed the action.

Upon that interpretation, the agreement of 1922 is an agreement not in respect to a trade-mark or to a copyright, but in respect to the sale of goods. The subject-matter of the agreement is the sale of goods. The reference, if any, made therein to a trade-mark or copyright is only accessory and does not carry the meaning which the appellants give to it, as will be shown more conveniently by quoting from the document the clause itself relating to that matter:

2. La partie de seconde part (i.e. l'Abbé Warré) autorise les dits Albert Bertrand et Louis V. Labelle à:

(*a*) faire enregistrer au Canada et aux Etats-Unis le livre "La Santé";

(*b*) faire et publier une traduction en langue anglaise du dit livre "La Santé" aux conditions de sa lettre du 13 octobre 1922;

(*c*) se servir et employer pour toutes fins commerciales et enregistrer comme raison sociale, s'ils le veulent, le nom "Les Warrecures-Canada", de même que le mot "Warrecures" pour toutes autres fins de publicité.

Leaving aside for the moment sub-paragraphs (*a*) and (*b*), which deal with the copyright, and considering sub-paragraph (*c*), dealing with what the appellants call the trade-marks, the stipulation, on its face, is nothing more than a consent of l'Abbé Warré to the use by the appellants of the word "Les Warrecures-Canada" as a firm name, and of the word "Warrecures" for purposes of pub-

licity. No express mention is made of a trade-mark. Whether consent to registration of one or both names as trade-marks may be inferred from the language of the clause is not necessary to discuss, because the appellants admitted at the trial that registration never took place and that they never made use of the names. Incidentally it may be mentioned that the trade-mark complained of and which Godbout caused to be registered in the name of l'Abbé Warré does not consist in the words referred to and is of a very different character.

But the important point is that l'Abbé Warré, as manufacturer and vendor of the vegetable remedies he agreed to sell to the appellants, was undoubtedly entitled, under the *Trade Mark and Design Act,* to register any trade-mark accepted by the Minister for the purpose of distinguishing his products; nothing can be found in the agreement to take away that right from him; and there is no allegation in the statement of claim, nor was any evidence adduced or any point made at the trial, of a nature to establish that, by force of any of the provisions of the Act, the registration should have been refused or should now be expunged.

The appellants did not come before the court as persons aggrieved, complaining that the entries in the register relating to the trade-mark were made without sufficient cause within the meaning of the Act. Their cause of action, as disclosed in the statement of claim and during the proceedings at trial, is founded exclusively on an alleged breach of contract. And what the learned trial judge says in his judgment is that, having regard to the nature of the agreement, there was no breach in respect of any matter connected with a trade-mark, since " there is nothing that takes away from Warré the untrammeled right to get as many trade-marks * * * as he wishes." Having so found, the learned judge held that the balance of the action (always leaving aside for the moment the question as to the copyright) resolved itself into one for breach of a contract for the sale of goods, " a matter entirely involving civil rights within the province," and therefore a matter in respect of which the Exchequer Court had no power to enforce the remedy prayed for.

In effect, what the learned judge says is that the appellants have not made out a case in which the Exchequer

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Court may interfere. After what we have already said, we need not add that we find ourselves in complete agreement with that conclusion. Without discussing otherwise the question of jurisdiction, as to which we would refer to the judgment of this Court in *Consolidated Distilleries Limited* v. *Consolidated Exporters Corporation Limited* (1), we are clearly of the opinion that, in this case, the appellants having failed to establish any breach of contract relating to a trade-mark, they could not get their remedy from the Exchequer Court of Canada.

The same reasoning applies to the prayer for an order expunging the entries relating to the assignment of the trade-mark to the respondent " La Compagnie des Remèdes de l'Abbé Warré Limitée." As previously stated, the contracts between l'Abbé Warré and Godbout, as well as between Godbout and the respondent company, were not filed. The court's knowledge of the contents of these contracts is limited to what is admitted in the statement of defence. According to those admissions, l'Abbé Warré assigned his registered trade-mark to Godbout, and the latter, in turn, assigned it to the respondent company, under agreements whereby the good will in Warré's business in Canada became vested in them " together with the secret formula in accordance with which the goods to which the said trade-mark relates were manufactured, and the right to exclusive manufacture of the said goods in Canada." If the trade-mark in question was properly registered in the name of l'Abbé Warré—as, on the record before us, we hold that it was—that trade-mark was certainly assignable in law; and, so far as we know, the assignment made under the conditions above stated was no more a breach of duty in respect to a trade-mark than was the registration itself of the trade-mark by l'Abbé Warré; so that the argument which prevailed to refuse the order expunging the trade-mark equally applies, in the alternative, to the prayer for expunging the entries relating to the assignment. It should be understood, of course, that we refrain from saying more upon the nature and the effect of the agreements between the respondents, except so far as necessary to discuss the power of the Exchequer Court to interfere, as it is our purpose to

(1) [1930] Can. S.C.R. 531.

avoid prejudicing, one way or the other, the controversy involving the nature and extent of the civil rights of the parties, which properly belongs to the jurisdiction of the provincial courts.

Coming now to the consideration of the complaint concerning the copyright and of the prayer for relief in connection with its infringement, the point raised calls for the interpretation and the application of the *Copyright Act* and the question is whether, in view of the dealings between the parties and by force of section 3 and subsections 2 and 4 of section 12, the appellants became entitled to be treated, for the purposes of the Act, as the partial owners of the copyright, and whether the provisions of the *Copyright Act* should have effect accordingly.

If that be so, it could be reasonably argued that the Exchequer Court had jurisdiction over the subject-matter (s. 22 of the *Exchequer Court Act,* as amended by 18-19 Geo. V, c. 23, s. 3).

Unfortunately for the appellants, the appeal on that point is concluded by the judgment of the Privy Council in the case of *Canadian Performing Right Society Ltd.* v. *Famous Players Canadian Corporation Ltd.* (1). Under the *Copyright Act* (now c. 32 of R.S.C., 1927, s. 12), l'Abbé Warré, as the author of the book "La Santé par les plantes," was the first owner of the copyright therein. We shall not discuss whether, by virtue of the agreement of 1922, it was intended that the appellant Bertrand should register the copyright in his own name, nor whether the agreement itself may be construed as an assignment of the copyright. The right to prepare and publish a translation of the book in the English language was at least a partial assignment of or a grant of an interest in the copyright. In any view, the appellants were at best the grantees of l'Abbé Warré.

In the *Canadian Performing Right Society* case (1), the Privy Council decided that, upon its true construction, section 39, subsection 2, of the *Copyright Act* (now sec. 40, subsec. 3, of ch. 32, R.S.C., 1927) prohibits a grantee of an interest in a copyright, either by assignment or licence, from maintaining any action under the Act, unless his grant

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and similar grants forming part of the chain of his title have been registered.

In the present case, the action is between a grantee and a subsequent assignee from the same author—a circumstance not present in the *Canadian Performing* case (1) before the Privy Council and which makes the application of the section only the more imperative in the premises.

The grant of the appellants has not been registered. Their action is an action for infringement under the *Copyright Act,* and no answer can be found to the contention that, under the circumstances, they are precluded from maintaining the action. The point was expressly raised at the trial and the appellants had full opportunity of meeting it.

It follows that the action of the appellants was rightly dismissed by the Exchequer Court, and that the appeal on both branches of the case should be disallowed with costs, without prejudice to any recourse the appellants may have before the provincial courts.

Appeal dismissed with costs.

Solicitors for the appellants: *Smart & Biggar.*

Solicitors for the respondents: *Henderson, Herridge & Gowling.*