

PRIVY COUNCIL

Coca-Cola Company of Canada Ltd.

Vs.

Pepsi-Cola Company of Canada Ltd.

P.C.A.No.14 of 1941

(Iscount Maugham, Lords Thankerton, Russell of Killowen, Macmillan and Clauson
JJ.)

19.03.1942

JUDGMENT

LORD RUSSELL OF KILLOWEN J.

1. These are consolidated appeals from a judgment of the Supreme Court of Canada delivered on appeal from a judgment of the Exchequer Court of Canada in an action for the alleged infringement of a registered trade mark, 43/10433. The Exchequer Court held the defendant to have infringed the mark, but dismissed a counter claim by the defendant for cancellation of its registration. The Supreme Court reversed this judgment on infringement and dismissed the action, but affirmed the dismissal of the counter claim. Both parties have appealed to His Majesty in council, the plaintiff from the dismissal of the action, and the defendant from the dismissal of the counter claim. At the conclusion of the arguments of counsel in support of the plaintiff's appeal, their Lordships intimated that they did not require to hear counsel on behalf of the defendant; and thereupon the defendant's counsel stated that the defendant did not wish to proceed with the appeal on the counter claim, but would submit to having it dismissed with costs. Their Lordships are, accordingly, only concerned with the question of the alleged infringement.

2. It will be convenient in the first place to state the relevant facts. The plaintiff's mark consists of the words Coca and Cola joined by a hyphen and written, not in block letters, but in a script form with flourishes. It was applied to beverages and syrups, and was used for that purpose in Canada from the year 1900 (or perhaps earlier) by a company formed in the State of Georgia and called the Coca-Cola Company. It was registered by that company under the Trade Mark and Design Act of Canada on 11th

November 1905. The mark was assigned in the year 1922 by the Georgia company to a company formed in the State of Delaware, and called also Coca-Cola Company. The Canadian business of the last mentioned company was acquired in the following year by the plaintiff, and an assignment by the Delaware company of the mark to the plaintiff was registered on 7th March 1930. The plaintiff then renewed the registration of the mark for a period of 25 years from 11th November 1930. There is no doubt that the plaintiff has carried on and is carrying on in Canada under its registered mark a large business in the manufacture and sale of a non-alcoholic beverage known as Coca-Cola. The scale of its trade is sufficiently indicated by the fact that in the year 1936 it owned some 20 bottling plants, and in addition had contracts with some 80 independent bottlers.

3. The defendant was incorporated on 29th May 1934, and began to sell in Canada a non alcoholic beverage called Pepsi-Cola, under a mark consisting of the words Pepsi and Cola joined by a hyphen and written in a script form with flourishes. Whether the defendant had acquired the goodwill of any business, and whether the defendant was properly on the register in respect of a mark which differs slightly from the mark actually in use by the defendant, were matters much discussed by plaintiff's counsel. These matters however seem to be irrelevant to the only question which their Lordships have to decide viz., whether the mark which the defendant uses, infringes the plaintiff's registered mark. The respective rights of the parties are now governed by the Unfair Competition Act 1932 to which more detailed reference must be made. By Section 3(c) of that Act it is provided that no person shall knowingly adopt for use in Canada in connection with any wares any trade mark which is similar to any trade mark which is in use in Canada by any other person and which is registered pursuant to the provisions of that Act as a trade mark for the same or similar wares. There is no dispute that the mark which the defendant uses is subject to the above prohibition if it is "similar" to the plaintiff's registered mark. The other requirements as to "knowingly" and similarity of wares are admittedly fulfilled. The word "similar" in relation to trade marks is defined by the Act (unless the context otherwise requires) thus :

"Section 2 (k) 'similar' in relation to trade marks . . . describes marks ... 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."

4. The contemporaneous use of both marks in the same area in association with wares of the same kind is not in dispute. The actual question for decision in the present case may, therefore, in the light of the above definition be stated thus - Does the f mark used by the defendant so resemble the plaintiff's registered mark or so clearly suggest the idea conveyed by it, that its use is likely to cause dealers in or users of non-alcoholic beverages to infer that the plaintiff assumed responsibility for the character or quality or place of origin of Pepsi-Cola? The President of the Exchequer Court answered the question in the affirmative ; the Supreme Court answered it in the negative. Their Lordships are in agreement with the Supreme Court.

5. The case appears to them to be one which is free from complications, and which raises neither new matter of principle nor novel question of trademark law. The only peculiar feature of the case is the dearth of evidence, attributable doubtless to the procedure adopted by the plaintiff at the trial. The only matters proved before the plaintiff's case was closed were (1) the plaintiff's registered mark and (2) the user by the defendant of the mark alleged to be an infringement. No evidence of (to put it shortly) confusion either actual or probable was adduced. It was contended that a statement by a witness called by the defendant (one Charles Guth) was proof of actual confusion. Guth was general manager of a United States company which owns the capital stock of the defendant. He was also President of a New York company called Loft Incorporated which owned a large number of candy stores in New York at which Coca-Cola was sold. Subsequently the sale of Coca-Cola was discontinued, and Pepsi Cola was sold at the stores. A passing off action was brought by the Delaware Coca-Cola Company against Loft Incorporated. The judge of the Court of Chancery, Delaware, dismissed the action holding that Loft Incorporated was not responsible for the acts of its agents of which evidence had been given. In the course of his cross-examination in the Exchequer Court Guth was asked "Then you have no quarrel with the Chancellor's decision as to the facts expressed in his opinion?" and he answered "None at all." It was argued that this answer proved the fact found in the judgment of the Chancellor viz. (as quoted by the President of the Exchequer Court from a report of the case) that "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."

6. The learned President relied on this judgment "as very formidable support to the

plaintiff's contention that . . . there is likelihood of confusion"; but in their Lordships' opinion he was not entitled to refer to or rely upon a judgment given in proceedings to; which neither the plaintiff nor the defendant was a party, as proving the facts stated therein. Those facts are in no way proved thereby, nor are they in any way proved by the answer of Guth which has been quoted above. Guth could not of his own knowledge either quarrel or agree with the Chancellor's decision as to what it was that had happened in the numerous stores, and was described by the word "substitutions". There was accordingly no evidence before the Exchequer Court of confusion actual or probable. In these circumstances, the question for determination must be answered by the Court, unaided by outside evidence, after a comparison of the defendant's mark as used with the plaintiff's registered mark, not placing them side by side, but by asking itself whether, having due regard to relevant surrounding circumstances, the defendant's mark as used is similar (as defined by the Act) to the plaintiff's registered mark as it would be remembered by persons possessed of an average memory with its usual imperfections.

7. In the present case two circumstances exist which are of importance in this connexion. The first is the information which is afforded by dictionaries in relation to the word "Cola". While questions may sometimes arise as to the extent to which a Court may inform itself by reference to dictionaries there can, their Lordships think, be no doubt that dictionaries may properly be referred to in order to ascertain not only the meaning of a word, but also the use to which the thing (if it be a thing) denoted by the word is commonly put. A reference to dictionaries shows that Cola or Kola is a tree whose seed or nut is "largely used for chewing as a condiment and digestive" (Murray), a nut of which "the extract is used as a tonic drink" (Webster), and which is "imported into the United States for use in medical preparations and summer drinks" (Encyclopaedia Americana). Cola would therefore appear to be a word which might appropriately be used in association with beverages and in particular with that class of non-alcoholic beverages colloquially known by the description of "soft drinks". That in fact the word "Cola" or "Kola" has been so used in Canada is established by the second of the two circumstances before referred to. The defendant put in evidence a series of 22 trade marks registered in Canada from time to time during a period of 29 years, viz., from 1902 to 1930, in connexion with beverages. They include the mark of the plaintiff and the registered mark of the defendant. The other 20 marks consist of two or more words or a compound word, but always containing the word "Cola" or "Kola". The following are a few samples of the bulk ; - "Kola Tonic Wine" "La-Kola" "Cola-Claret", "Rose-Cola", "Orange Kola" "O'Keefe's Cola", "Royal Cola". Their

Lordships agree with the Supreme Court in attributing weight to those registrations as showing that the word Cola (appropriate for the purpose as appears above) had been adopted in Canada as an item in the naming of different beverages. The proper comparison must be made with that fact in mind.

8. Numerous cases were cited in the Courts of Canada and before the Board in which the question of infringement of various marks has been considered and decided; but except when some general principle is laid down, little assistance is derived from authorities in which the question of infringement is discussed in relation to other marks and other circumstances. The plaintiff claimed that by virtue of Section 23(5) (b), Unfair Competition Act, 1932 its registered mark was both a word mark and a design mark; and their Lordships treat it accordingly. If it be viewed simply as a word mark consisting of the "Coca" and "Cola" joined by a hyphen, and the fact be borne in mind that Cola is a word in common use in Canada in naming beverages, it is plain that the distinctive feature in this hyphenated word, is the first word "Coca" and not "Cola". "Coca" rather than "Cola" is what would remain in the average memory. It is difficult indeed impossible, to imagine that the mark Pepsi-Cola as used by the defendant, in which the distinctive feature is, for the same reason the first word "Pepsi" and not "Cola", would lead anyone to confuse it with the registered mark of the plaintiff. If it be viewed as a design mark the same result follows. The only resemblance lies in the fact that both contain the word "Cola", and neither is written in block letters, but in script with flourishes. But the letters and flourishes in fact differ very considerably notwithstanding the tendency of words written in script / with flourishes to bear a general resemblance to each other. There is no need to specify the differences in detail; it is sufficient to say that in their Lordships' opinion, the mark used by the defendant, viewed as a pattern or picture, would not lead a person with an average recollection of the plaintiff's registered mark to confuse it with the pattern or picture represented by that mark. In the result their Lordships are of opinion that the trade mark used by the defendant and the registered mark of the plaintiff are not trade marks so nearly 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 or users of such wares to infer that the same person assumed responsibility for their character or quality or for the conditions under which or the class of persons by whom they were produced or for their place of origin. The defendant therefore has not adopted for use in Canada in connexion with its wares a trade mark which in any way offends against the provisions of Section 3 Unfair Competition Act, 1932. Their Lordships will humbly advise His

Majesty that this appeal and the cross appeal should be dismissed. The plaintiff will pay the costs of the appeal and the defendant will pay the costs of the cross appeal with the usual set-off.

Appeal dismissed.